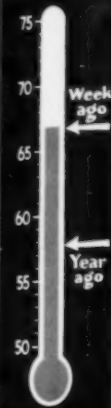


SEPT. 28

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BUSINESS WEEK

BUSINESS INDICATOR

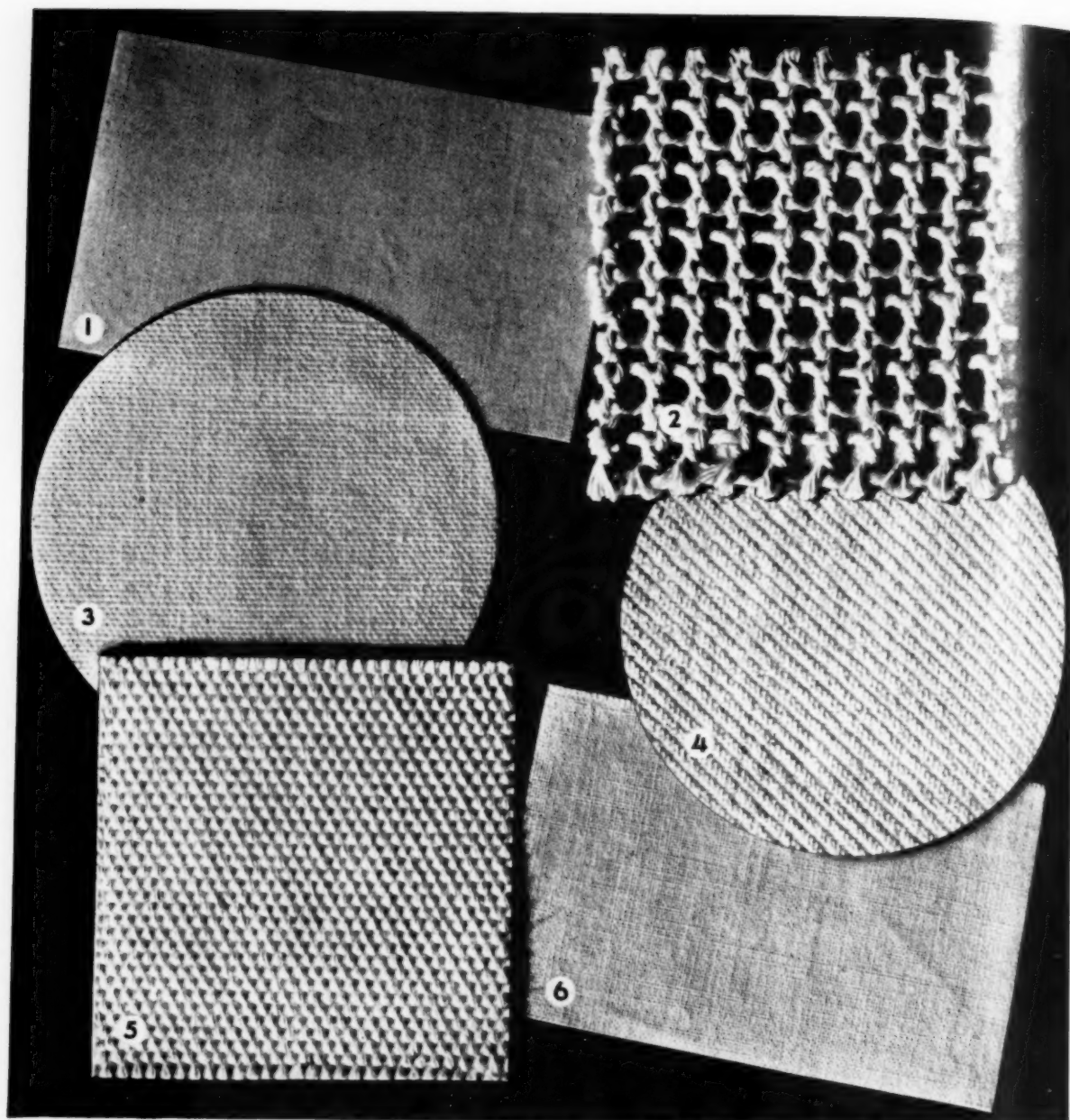


McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

BUSINESS FIGURE—Today the most important one in the world business outlook.

UNIVERSITY OF MICHIGAN
GENERAL LIBRARY
ALAN ARBOR MICH



FABRICS FOR INDUSTRY

Shown Above:

1. B. A. 30 Airplane Cloth
2. ANCHOR Leno (for laundry and dye nets, etc.)
3. MAGNOLIA Single Filling Duck
4. ANCHOR Filter Twill—F17 (for sugar, oil, etc.)
5. OCEANIC Numbered Duck (Filtration, rubber products, tarpaulins, etc.)
6. COLUMBUS Sheeting

For many years we have worked with the purchasing agents and engineers of American industries in the development of fabrics to suit their particular or peculiar requirements.

We serve the manufacturer, to whom cotton is a necessary ingredient of a finished product; the processor to whom fabrics are media for filtering oil, sugar, soap, chemicals or paint, and a host of other industries each having its own technical problem.

We offer to each the facilities of 17 mills backed by ample engineering organization and laboratory facilities. To each we can give assurance of *ultimate economy*.

WELLINGTON SEARS COMPANY 65 WORTH STREET

BOSTON PHILADELPHIA ATLANTA DETROIT CHICAGO ST. LOUIS NEW ORLEANS SAN FRANCISCO

BUSINESS WEEK

Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—This week's list of munitions whose exports to belligerent countries will be proscribed under authority of the new neutrality law can be supplemented as President desires. Limiting of first group to actual complements of fighting follows intent of Congress. However, President can broaden prohibition overnight to include trucks and similar supply service items.

State Department may not refuse to license any shipment until

White House says state of war exists between specified belligerents but groundwork has been laid for supervision of such shipments. Regulations to be imposed by National Munitions Control Board set up under neutrality law will be promulgated a week or 10 days hence.

\$500-Million Reserve

Unofficial audit discloses President Roosevelt tucked away \$500 millions in clearing up allotment of \$4-billion work relief fund to put 3.5 million men to work this winter. A nice fat roll like that may come in handy ere another winter rolls around.

Left Wing Flies Right

Everybody smiles when the cop looks his way. Wall Street applauds Landis, picked by Kennedy as successor at head of SEC. Erstwhile left winger of the Frankfurter section of the Brain Trust, Landis now seems to be heavy enough to keep lid down on crusading members of board.

Depends on Roosevelt, Too

Satisfaction over President's statement that NRA revival will depend on business should be tempered by knowledge that he can always use evidence of small chiseling to justify a revival movement.

Note of Caution

NRA's old staff is trailing results of code abandonment and, even though an industry may not agree with its findings, they should not be discounted as President will be disposed to accept them at face value.

Power Conference Debate

Touchy utility heads squint at next fall's Washington meeting of World Power Conference as public ownership propaganda on eve of election. If so, it will be their own fault. While McNinch of Power Commission, Cook of Rural Electrification, or Ross, ardent public ownership member of SEC, will head American committee, utility and industrial men

AFTER THE BATTLE

Public utility executives have agreed to cooperate with SEC in all routine regulations to the extent that such action does not jeopardize their constitutional rights. And Ben Cohen, co-author of holding company act, was flattered this week by invitation to join Liberty League. But that looks more like error than forgiveness.

will form bulk of that body. Theme of discussion — national power economy—offers sounding board for public ownership fans but it's hard to pack a meeting when you can't pick the delegates.

Hopkins Optimistic

Harry Hopkins claims \$500 millions a year will support all unemployables who need relief and that cities and states have more than enough to carry load which President Roosevelt this week told social workers they must be prepared to pick up when federal dole stops. Business says amen, hopes Hopkins is right.

Hamilton Reports

Despite disclaimer by Prof. Hamilton, Advisor to the President on Consumers' Problems, that he intends to take business for a ride, recommendations for regulation dominate his reports on whiskey, milk, gasoline, and ice from the consumer's angle. These will be given no wide publicity—yet.

Black Still on Trail

Black's lobby committee is preparing another foray to track down utility efforts to influence legislation of every character, either affirmatively or negatively. Returns on Alabama's senator's first questionnaire to holding companies were disappointing. His next broadside will be directed to all electric and gas holding and

operating companies which can be identified—approximately 2,500, he figures.

Collection Job

Mortgage holders who sold out to HOLC appear to be principal beneficiaries of its operations. Sour facts underlie corporation's announcement that, with completion of its emergency task, it will now concentrate on servicing of \$2.7 billions loaned to distressed homeowners. On matured instalments of \$213 millions, delinquencies amount to \$75 millions, of which \$46 millions are overdue more than 90 days.

One Man's Policy

Reserve Board policy under new Banking Act is supposed to be hanging fire because none of members except Governor Eccles know whether they'll go out of office Feb. 1 or be reappointed. But policy-making is going on in Eccles' head. His past utterances show what he intends—domination of banks by Washington.

Regulating Motor Carriers

Though there won't be any appropriation till Congress meets in January, Interstate Commerce Commission will make modest start at enforcing new Motor Carrier Act. Truckers need not file tariffs till Dec. 1; meanwhile have chance to iron out dispute whether tariffs shall be based on cost of service or railroad rates.

Proxy Solicitation Curbed

SEC regulations now limit soliciting of proxies. Anyone who solicits must inform stockholders about any competing group also seeking proxies, and must state how he intends to vote proxies and what interest he has in questions to be voted on.

Wallace Hedges

Wallace is hedging against his bet that he won't be forced to apply potato control act. Questionnaires to form basis of allotments are going out to California, Florida, and Texas growers just in case. Marketing agreement for this year's crop offered as compromise by AAA will only affect Northwest and North Central states.

Helverding Has an Alibi

Treasury's failure to institute tax under potato control act is first case of its kind on record. Revenue Commissioner Helverding is prepared to meet any charges of malfeasance in office with alibi of no funds and a reminder of what happened to that deficiency bill.

For any reversing or other 2-function duty up to 2 h.p.

A year ago such motor control was twice this size. Brings true C-H Motor Control, new speed and simplicity, and new sales appeal to hundreds of factory, office and domestic machines.

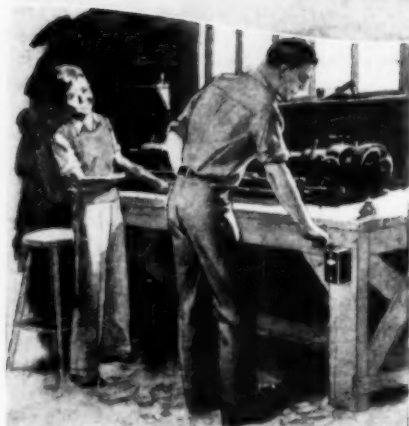


NEW COMPACT TWO-MOTION CONTROL

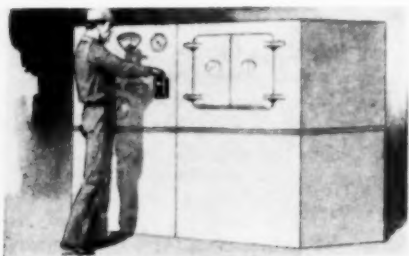
BULLETIN 9441 Type V1

500 USES SO FAR—
WHAT CAN YOU DO WITH IT?

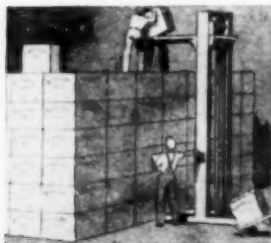
Scaled down in size, scaled up in performance, rugged enough for any industrial use, an improvement and sales asset on any machine



2-Speed Duty on Home Workshop Lathe.



Opening and Closing Doors on Industrial Oven.



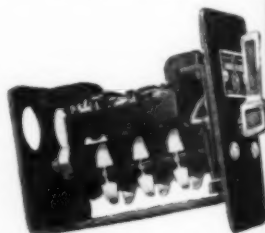
Raising and Lowering a Tiering Machine.

NOW the Motor Control Leader produces another leader in control devices—the Bulletin 9441 Two-Motion Control. Nothing like it ever before . . . incorporates in a drum type control the famous features of C-H Automatic Starters. Provides simple manual control of motorized machines having two functions, i. e.: low and high speed plus off; forward and reverse plus off; manual and automatic plus off; etc. Read these advancements.

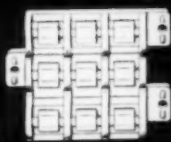
Twin-break contacts with high arc-rupturing capacity, and arc barriers. No flexible connections. No current-carrying contact springs. Self cleaning contacts. Contact parts replaced without tools. Has removable handle. Non-projecting handle insures against accidental operation. . . . Three operating positions positively indicated by star-wheel inside enclosing case. . . . Finger board at front of mechanism simplifies wiring; body is arranged for condensing wiring. . . . Rating: 15 amps. continuous duty. A. C. ratings: 3-phase 1½ h.p., 110 volts; 2 h.p., 220, 440, 550 volts. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1275 St. Paul Ave., Milwaukee, Wis.

TO MACHINE BUILDERS:

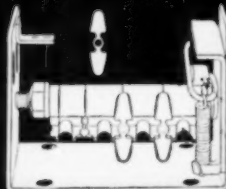
Ingeniously arranged for top, surface or cavity mounting. Extremely easy to wire and service. Attractive modern styling, compact, and simple to use. Plates for Forward and Reverse, Low and High, etc., available. Spring return feature providing momentary operation when held down, as for inching, available. Special enclosing plates and covers for built-in installations, available. Ask for test sample on company letterhead.



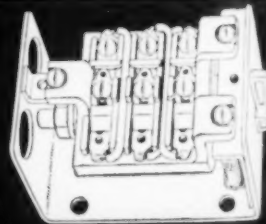
Skeleton type 9441 with adapter plate for cavity mounting.



Stationary contacts, removable as a unit.



Movable contacts, changed without tools.

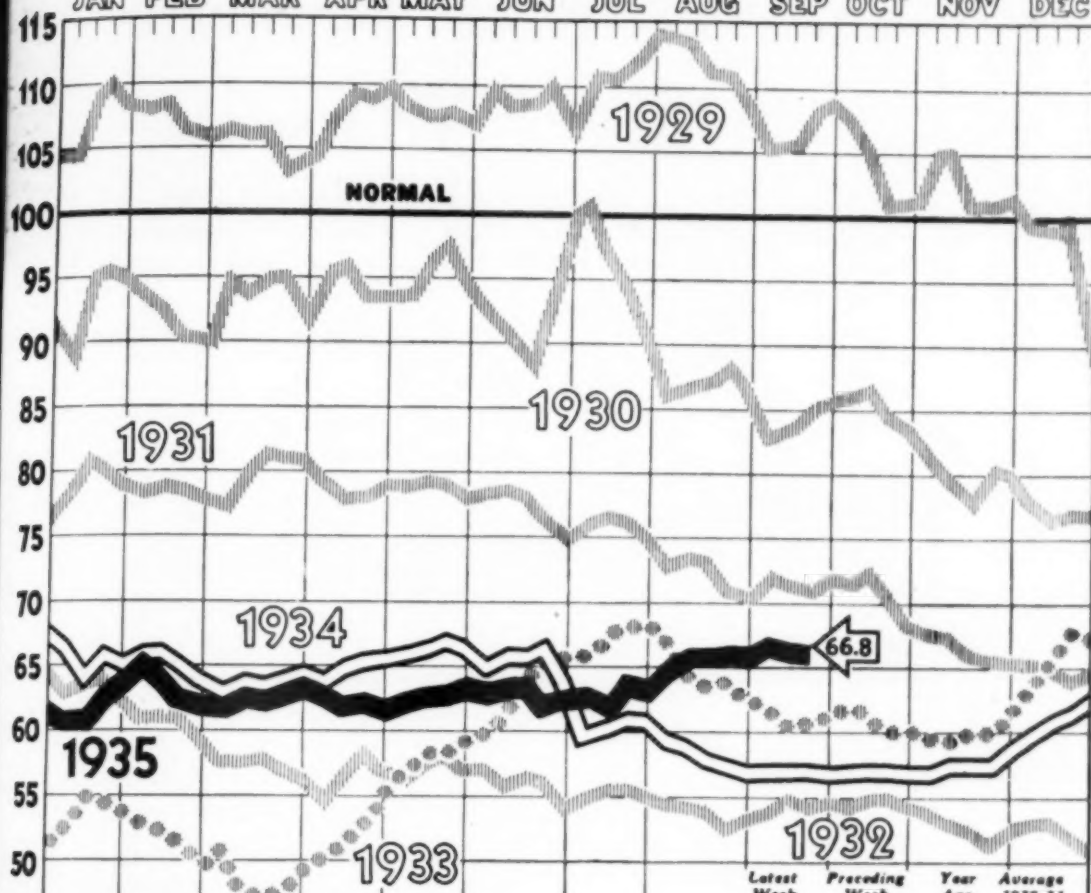


Cover removed, showing ease of wiring.

CUTLER-HAMMER MOTOR CONTROL

WEEKLY INDEX OF BUSINESS ACTIVITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



BUSINESS WEEK INDEX

PRODUCTION

★ Steel Ingot Operation (% of capacity)	48.9	48.3	24.2	33.8
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis)	\$6,003	\$6,231	\$4,501	\$7,249
★ Bituminous Coal (daily average, 1,000 tons)	*1,386	1,378	1,171	1,244
★ Electric Power (millions K.W.H.)	1,852	1,828	1,631	1,629

TRADE

Total Carloadings (daily average 1,000 cars)	117	113	108	121
★ Miscellaneous and L.C.L. Carloadings (daily average 1,000 cars)	71	70	67	78
★ Check Payments (outside N. Y. City, millions)	\$3,966	\$3,393	\$3,336	\$3,812
★ Money in Circulation (daily average, millions)	\$5,646	\$5,654	\$5,430	\$5,203

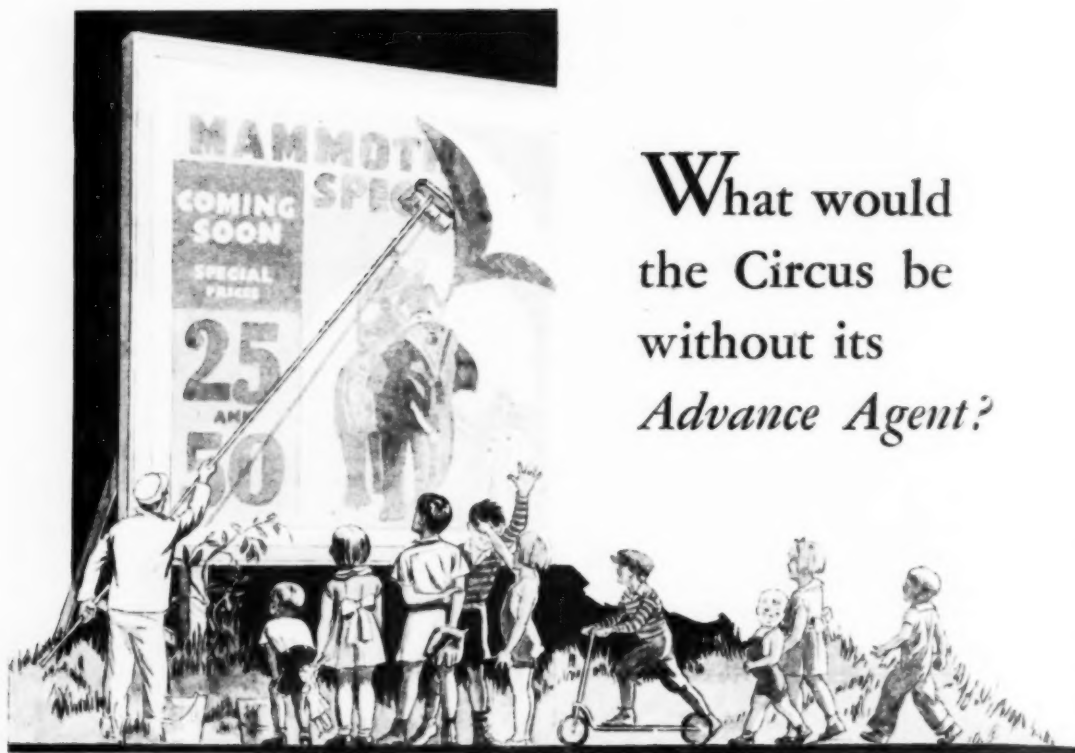
PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.17	\$1.13	\$1.07	\$.74
Cotton (middling, New York, lb.)	\$1.09	\$1.08	\$1.28	\$.995
Iron and Steel (STEEL, composite, ton)	\$32.83	\$32.81	\$32.13	\$30.94
Copper (electrolytic, f.o.b. refinery, lb.)	\$.088	\$.084	\$.088	\$.081
All Commodities (Fisher's Index, 1926 = 100)	85.2	85.1	80.2	73.4

FINANCE

Federal Reserve Credit Outstanding (daily average, millions)	\$2,482	\$2,484	\$2,469	\$1,876
Loans and Investments, Federal Reserve rep't'g member banks (millions)	\$19,084	\$18,675	\$17,756	\$17,069
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,513	\$4,470	\$4,704	\$4,942
Security Loans, Federal Reserve reporting member banks (millions)	\$2,952	\$2,990	\$3,095	\$3,589
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$995	\$1,034	\$844	\$1,770
Stock Prices (average 100 stocks, Herald Tribune)	\$106.32	\$107.54	\$95.63	\$110.15
Bond Prices (Dow, Jones, average 40 bonds)	\$96.36	\$96.62	\$91.62	\$88.95
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange	4%	4%	4%	1.5%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	4%	4%	4-1%	1.9%
Business Failures (Dun and Bradstreet, number)	184	195	182	379

★ Factor in Business Week Index * Preliminary † Revised ‡ 1932-34 average.



What would
the Circus be
without its
Advance Agent?

A CIRCUS without advance publicity is no more inconsistent than the manufacturer who expects to build volume sales, without preparing the way by advertising. The economics of it are just as plain as the economics of drawing crowds to the circus. It's merely telling the largest possible number of worthwhile prospects something about it.

Consider, for example, a gear manufacturer whose prospects number into the thousands. In each prospect's plant many men must be sold . . . the men who design, the men who manage, the executives who O.K. purchases and the men who sell the finished machine.

Furthermore, buyers of the machines must be sold on the dependability and service these gears will give.

With sales calls costing between \$5 and \$15 each, it is obviously impossible to expect salesmen's efforts alone to deliver volume sales at low cost. This is where advertising fits, because advertising is merely selling in print. Every advertisement you run in business papers makes sales calls for you on all the buying factors in the industries served by those papers.

Advertising in McGraw-Hill Publications affords a means of making sales calls on your worthwhile prospects at an average cost of about a cent apiece.

McGRAW-HILL PUBLICATIONS

McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N. Y.

American Machinist
Aviation
Bus Transportation
Business Week

Chemical and Metallurgical
Engineering
Coal Age
Construction Methods
Electrical Merchandising

Electrical West
Electrical World
Electronics
Engineering and Mining
Journal

Engineering News-Record
Factory Management and
Maintenance
Food Industries
Metal and Mineral Markets

Power
Product Engineering
Radio Retailing
Textile World
Transit Journal

The Business Outlook

SEPTEMBER closes with industrial optimism at the year's high. Neither war clouds abroad nor coal strikes and unruly oil production at home can shake confidence in business activity for the balance of this year. Many are ready to bet on next year, too. Machine tool makers closed up their outstandingly successful show after garnering enough business to keep themselves busy for many months. Factory employment and payrolls in August made the best gains over July in years. Raw material prices are firming, partly due to war scares, but also because domestic buying is quickening.

Steel Steady, Coal Hit

Steel production is remarkably steady despite the delay in orders from Detroit. Coal output, just prior to the strike call, hit its third high point for the year. The next report, however, will be quite different, and will also make its unfavorable mark on freight shipments. Even electric power may feel the drag of reduced activity in coal fields. But for the week ending Sept. 21 power output had surpassed every week but one in the history of the industry.

Detroit Raises Estimates

Detroit is all set to go places. September probably marked the low point of 1935 production. October will be better, with November and December finding motor factories humming. The industry figures on making around 750,000 cars in the last quarter of 1935, putting it on a par with 1929. This means that the 3-million estimate put out so gingerly in early 1935 has now been stepped up to 3.7 millions. Not less than 4 millions for 1936 is the guess around Detroit these days.

Fall Show Prospects

In advancing the motor show from January to November, the industry counts heavily on changing the buying habits of the public. It will be aided, however, by large markets in states having mild climates between November and April and in those foreign markets below the equator whose seasons are just the reverse of those in the United States. But competition will be real, even between units of the same parent organization. Buick's announcement of 1936 models coupled with price reductions is aimed at broadening the Buick market. No general price reductions in the industry are expected. Design changes have been moderate, permitting one of the shortest change-over periods in history.

REAL RECOVERY SIGN

It's been a big season for tourists. From Maine to California come reports of the biggest influx of visitors since 1929. Airplane traffic has set new records each month this year. Passengers carried in July were 81% more numerous than a year ago. Visitors to 22 national parks this year exceeded comparable months of 1934 by over 400,000. America is spending again.

Steel Clears for Action

Steel companies, too, are getting ready for stiffer competition. U. S. Steel's merger of subsidiary units got under way this week, and Republic Steel stockholders approved the acquisition of Corrigan, McKinney and control of Truscon. This makes the Republic outfit rank third in size, right behind Bethlehem and U. S. Steel. Big Steel also took steps to consolidate Detroit sales offices of numerous subsidiaries in order to get a better share of motor business.

—And Enters up Orders

Steel sheet production, boosted by miscellaneous demand, holds at 70% of capacity. Small buyers are rushing their orders prior to Oct. 1 when higher prices on small quantities become effective. Machine tool builders, home from the show with 6 to 9 months' business in the bag, are buying steel bars. Pig iron business in Chicago this month went 3½ times as high as the March peak. Tin plate volume held at 55% of capacity though demand is waning. The beer-in-cans campaign is not sufficiently under way to make much difference in schedules yet.

Latest rumors of new can prospects come from the wine industry, for which American and Continental Can are experimenting.

September Construction Gains

September construction contracts run well ahead of a year ago. Heavy engineering awards compiled by *Engineering News-Record* were 22%

better than last year. F. W. Dodge records cover only the first half of September, reveal residential contracts averaging 6% better than those of August and 114% ahead of 1934; non-residential contracts 14% under August, 6% ahead of 1934; and public works and utilities 4% ahead of August and 29% ahead of 1934.

Large Coal Stocks

Soft coal production has suffered from false alarms since early in 1935. Output has pushed upward preceding each strike threat only to drop precipitously when a short postponement was granted. Actual breakout of the strike of 400,000 miners caused surprising little stir, stocks being ample for more than 50 days of trouble.

Push Farm Power Lines

Private companies are bestirring themselves about rural electrification, though steady gains have occurred right through the depression. Niagara Hudson plans to construct 4,550 miles of lines to add 20,250 farm homes to its service. Pennsylvania Power & Light has put up 400 miles of rural lines this year, will add another 400 miles before the end of 1935, by 1936 will have completed 2,500 miles of rural lines at an average cost of \$1,365 per mile.

Lagging Foreign Trade

Our foreign trade in commodities has dwindled to an export balance of a mere \$27.3 millions for the first 8 months of 1935. Imports were up 21% over the same period of 1934, reaching the highest totals for any year since 1931. Exports were fractionally under 1934.

More Farm Income

August farm income jumped to \$593 millions compared with \$471 millions in July. This brings the 8 months' returns, counting benefits, to \$4,020 millions compared with \$3,754 millions in the 8 months of 1934, a gain of 7%.

Jobs and Payrolls Up

Employment gains during August in steel, electrical machinery, foundries and machine shops, furniture and saw mills, silk and woolen mills, clothing, shoe factories, and canning plants lifted factory staffs nearly 3%, payrolls 7% above July, 1935.

Tires Pinched

The tire industry has been jolted in two respects recently. First, Firestone Tire & Rubber Co. withdrew support from the Rubber Manufacturers' Association, and secondly, prices on original equipment to motor makers were cut to levels close to cost.

UNITED THEY STAND DIVIDED THEY BUY



A movie may split their sides in Boston or Butte, yet get a sickly grin from Chicago or Cheyenne . . . A president surges into office on a wave of votes so great that we scream "Landslide!" yet nearly 17 million of 40 million voters think otherwise . . . The same soft drink is a "tonic," "pop," or "soda," depending upon where you stand when you order it.

IN planning national advertising—even more than in personal selling of goods—knowledge of local market peculiarities often becomes of vital advantage.

The network of McCann-Erickson offices over this country provides an unusual amount of accurate local data to

supplement our clients' own findings.

Nine of these offices are actually fully-manned advertising agencies in nine major cities. These are augmented by a still larger number of field-service offices.

In all, 93% of the country's people—94% of all its retail outlets—are within an overnight ride of some McCann-Erickson office.

Thus most of the different local viewpoints which your national advertising will encounter are already home-town viewpoints, well understood, to some group of McCann-Erickson people.

McCANN- ERICKSON

ADVERTISING

EACH OFFICE AN AGENCY IN ITSELF, EQUIPPED TO GIVE FULL SERVICE TO CLIENTS: New York, Chicago, Cleveland, Detroit, Denver, San Francisco, Seattle, Portland, Ore., Los Angeles, Vancouver, Toronto, Montreal, Winnipeg, London, Paris, Frankfurt, o. M.

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SEPTE

SEPTEMBER 28, 1935

War Orders

Washington's Munitions Control Board starts to function just when war buying all over the world is beginning to assume large proportions.

EYES of the world watched Washington's National Munitions Control Board, set up under the new neutrality act, get under way this week and wondered how soon Europe might provide it with some really exciting activity.

Reactions to the whole neutrality program vary. Sentiment is strongly behind the idea, but there's widespread doubt that the government can plan and execute really effective prohibitions.

Except in the field of aircraft, the present list of items to be withheld from export to belligerents named by Presidential proclamation includes only actual implements of war. Admitting the difficulty of administering any raw materials embargo, it is generally acknowledged that, without such an embargo, war, in Europe at least (in contrast to war in less industrialized Latin America), is not likely to be stopped.

Results Are Awaited

Washington will watch developments in the next few months as eagerly as business and the public to see where there are weak points in the law.

Whether Italy's African adventure summers down to a minor campaign, or flares up into a major conflict involving the British, the board's duties will begin at once.

War buying in world markets is beginning to assume considerable proportions. *Business Week* showed that Europe did its preliminary war shopping a year or more ago (*BW*—Jul 27 '35). Copper, lead, and zinc were first on the list. There was a lapse last year, but volume business is developing again, though it is not easy to segregate purchases for war from those intended for normal industrial needs.

Scrap Iron Is Active

The scrap iron market is another active center of buying. Exports from the United States during the first 6 months of this year are the largest on record. Japan, with no adequate raw supplies, took the largest volume. Italy increased purchases from 94,300 tons a year ago, to 145,900 tons this year. England, Canada, Poland, Mexico, and China also placed large orders in this country.

Another way of getting scrap iron is to buy old ships. Japan bought a lot

of discarded British tonnage a few years ago and broke it up for scrap. Italy has been the biggest bidder on the market this year. Six American ships—a total of nearly 36,000 tons gross—have been sold to the Italians, all with the stipulation that they be broken up.

Germany has sold the most old tonnage to the Italians. While most of these vessels will be broken up for scrap, the largest—the former round-the-world cruiseship, the *Resolute*—will be used as a transport. Finnish, Greek, British, Canadian, and French ports have also been combed for old tonnage which Italy could buy quickly and cheaply.



FIRST AGAINST IL DUCE—In 1896 Hapte Mikael was the hero of Adowa, where an Italian army was crushed. Now Mussolini is out to avenge that defeat, and Hapte Mikael, grand old Ethiopian Dedjasmach, commands the first line "doomed battalions."

Russia has shared in the Italian buying rush. Soviet oil, always bought in quantity by the Italians, continues to move from Black Sea ports in vast quantities to fuel Italian vessels. Soviet freighters are picking up coal cargoes in various ports for delivery at Genoa, Naples, and Trieste. And at least one shipment of Soviet apatite is reported moving from northern Russia to Italian munitions plants.

Brazil Fears Market Loss

Brazilians have been quick to express concern over their Italian coffee market. Buyers from Milan are said to be in São Paulo now negotiating for the season's supply, but Brazilians fear that before long an important part of Italy's coffee needs will be supplied from East Africa. Coffee is an important export of Ethiopia.

Africa itself is influenced in 2 ways by the war scare. Kenya, Britain's rich colony southwest of Ethiopia and neighbor to Italian Somaliland, is thriving on Italian food and clothing supply orders.

Egypt, Britain's protégé nearest the Italian homeland, is feeling the lack of Italian financing for the cotton crop. Forced selling has driven prices below the expected levels.

Biggest market boom directly attributed to the crisis centering in the Mediterranean has come in Japan. Transactions on the Tokyo and Osaka stock exchanges reached the greatest volume since their establishment 57 years ago. Both markets have been operating overtime to handle the heavy volume of business. Prices jumped from 10% to 100% on the bull rush, were based on the assumption that Japanese shipping will benefit if Britain is dragged into a struggle with Italy, and that Japanese cotton goods exporters will be freed from some of their stiffest competition. There is also the feeling that competition in world rayon markets will be lessened if Italy becomes involved.

Insurance Rates Up

Marine insurance companies in every major country have slapped on war risk rates for vessels traveling in the Mediterranean region. The Japanese liner *Yasukuni Maru*, which left Yokohama this week for London, was the first vessel to sail from Japan carrying war risk insurance. European companies increased their rates more than a week ago.

British buying is so extensive at all times it is not easy to trace war orders. The wheat market fully expects the British to cover their needs much earlier this year than last. Cotton stocks are reported low now, but will probably be

brought to better than normal levels if the present situation becomes more tense. General feeling in the north of Europe, however, is that the world is not yet ready for the really big struggle

which everyone believes is inevitable within the next three years. The British are likely to make fewer preparations for immediate emergencies at home now than the Italians.

War News and American Business

Market fluctuations and gold shipments reflect the big events abroad. How would business here be affected by an Italian-Ethiopian war? or a British-Italian war? or a general European war?

PULSES and temperatures in financial and commodity markets now have the jumpiness symptomatic of war fever.

Last week saw something of panic characteristics in foreign security and exchange markets, reminiscent of, if not equal to, those of the summer of 1914. Investments were being dumped on European and London exchanges, there was speculative upbidding for essential commodities, and frightened money rushed for places of greater safety.

Stocks Recover

New York stocks started down with the rest but recovered a measure of equilibrium when affairs abroad quieted into a watchful waiting attitude this week. The lull in market activity permitted traders to reappraise the effects that war might have on domestic business.

Fact Number 1 coming to mind was that the world no longer has any great amount of American securities to dump;

Number 2, that the war scare, added to nervousness over currencies, had started another flood of gold in this direction, part of which would go into American securities; Number 3, that war is a big consumer and not a canny buyer.

The stream of gold has risen to flood tide again. Shipments of 2 weeks reached toward \$200 millions, and a fourth of that was supposed to be coming out of stores of hoarded gold in London.

Since gold cannot be held privately in the United States, the shipping of hoarded gold here means that its holders prefer to take dollar balances rather than to try holding the metal in a topsy-turvy Europe.

As to the effects of war on business, the first question is, what kind of a war? If it is just Italy against Ethiopia, both combatants probably have most of the supplies necessary for a brief cam-

paign. Neither could finance an extended one, although there is ample respect for the buying power that can be squeezed from self-sacrificing nationals in wartime.

In the event of a British-Italian war, the private credit of British banks, manufacturers, and business concerns in this country would accommodate a tremendous volume of purchases, even though the Johnson act prevents the British government from directly floating a loan here because it has defaulted its war debt.

Business will wait to see how restrictive the neutrality act proves to be before taking it seriously into account in estimating the potential war business.

Figure on Nationalism

A general European war may easily be a year or two away as competent observers insist. But with war in the air, hopes that normal world trade relations will be restored are largely abandoned. Heightened nationalism and efforts toward a self-contained economy are to be expected.

However, in preparing for war, nations that depend on outside sources for essentials will look carefully to inventories. Their armaments and production facilities are in for further overhauling.

Effects of the war peril are already noted in a broad list of commodities. Last week's heavy wave of commodity buying toned up markets where short stocks had created a favorable background, as in metals and grains, and even in cotton, where foreign supplies are moderate, in contrast to the large government holdings here.

Tin, which moves through the prospective war zone in reaching Britain, has gained a higher price in the London market. But it is sluggish here, where slackened consumption and the failure of the world tin committee to cut production for the final quarter are dominant factors.

—And Look Out for Inflation

Modern warfare requires enormous amounts and varieties of materials. Domestic business is at a stage where a mild stimulation could have startling effects in boosting recovery now, even in face of a postponement of world trade revival. At the same time, if war caused the selling of foreign currencies for dollars, the dollar would become dearer and the government might further devalue it in relation to gold, or might inflate our currency with greenbacks, or in some other way.

There is no prospective market for American goods such as the World War opened up. There isn't the power abroad to command our products.

In 1914 the world had a mortgage of \$4 billions to \$6 billions on America, much of which was cashed out and spent here. Between 1914 and 1917, Britain



MUNITIONS MONITORS—Two men in the Department of State now keep tab on international traffic in arms and ammunition, issue licenses for export and import, and register manufacturers, importers, and exporters. Joseph C. Green (right), is in charge, with Charles W. Yost as assistant.

shipped us \$926 millions of gold, cashed \$835 millions of American securities, and borrowed \$1.5 billions here in financing the Allies.

Billions to Europe

After the United States joined the Allies, it loaned them \$7 billions before the Armistice and \$3 billions afterwards. Private credit sources provided European borrowers with \$3.5 billions on short term immediately after the war, and the net exports of private long-term capital between 1919 and 1930 were \$6 billions.

The flow of capital has been toward the United States since 1930, but it amounted to a net of only \$700 millions up to January, 1935. Much of that went to buy back foreign securities, not into new investments here.

Short-term credits and bank balances for foreign interests, which piled up to a total of \$3 billions in 1929, were down to \$500 millions at the end of 1933, and are only moderately larger today.

Hence most war business will be on time, restricted to the private credit available here to private foreign borrowers. For Britain or France this would represent considerable amounts. But for many others, unless a world war ultimately enlisted national sympathy in the cause of one side to a point where Johnson acts and other impediments on foreign financing were removed.



PITTSBURGH PLUS—When U. S. Steel held its recent luncheon in Pittsburgh to tell business men there what its sweeping modernization program meant to their city, the news cameras focussed on this group of program directors. Swinging from left to right, they found Myron C. Taylor, Big Steel's chairman; Nathan L. Miller, former governor of New York, its general counsel; William A. Irvin, its president; Junius S. Morgan, its director and link with the famous banking house; Benjamin F. Fairless, new key man in operations; I. Lamont Hughes, two-fisted head of Carnegie. Pittsburgh had the welcome sign out.

Big Steel's New Deal

U. S. Steel inaugurates complete plan for plant and management modernization with a new operating head at Pittsburgh and a new sales drive under way.

PLANT modernization by the United States Steel Corp., involving immediate expenditures of \$70 millions and a possible total of \$140 millions, turns out to be a detail in an imperial plan. Big Steel is modernizing all the way down the line—in corporate setup, operating management, sales, advertising.

Away back in the happy régime of Judge Elbert H. Gary the high command was fighting for greater simplification. Major drives in that direction were always blocked by circumstance or opposition from executive groups jealous of their powers. Now a convergence of impulses creates a single sweeping revolution out of what might have been a series of gradual adjustments. These factors include: (a) Mr. Roosevelt's bombardment of holding-company colossi; (b) need to cut costs for recovery of business captured by more agile competitors; (c) a general business uplift promising heavier sales to those who go and get it.

Pittsburgh observes developments

with growing satisfaction. Murkier skies thereabouts may be cussed by air pilots but are blessed by the citizenry as proof of greater steel mill activity. Then the upheaval in Big Steel is expected to bring back to Pittsburgh operating headquarters of the corporation. It will be welcomed as a prodigal returned.

When "Ben" Fairless left Republic Steel to head the new Carnegie-Illinois Steel Corp., it was understood that he was to operate out of Pittsburgh and that he could do pretty much as he pleased without consulting the financial Olympians in New York. Pittsburgh applauds, but there is disquiet in some offices of U. S. Steel.

"The appointment of Fairless," said one steel corporation executive, speaking in a low tone and looking over his shoulder, "is the first time such a thing ever happened without the company's grapevine giving us a warning. We read it in the papers like everybody else."

Cautious tapplings had indicated that something big was coming. Ominous angle to the appointment is that an outsider was called to the key job, thereby upsetting all tradition. Probably Chairman Myron C. Taylor chose this new man because he had no alliances within the company as well as for his obvious qualifications as an operating and sales executive with a feeling for public opinion. That many heads are to drop (especially among older executives in the lower classifications) is accepted as a matter of course.

Political Problems

When the first J. P. Morgan began gathering in the sheaves for the U. S. Steel Corp. he visioned a complete domination of the market and he bought companies all over the Eastern map. Howls against "the trust" rose immediately and attracted the glares of federal anti-trust prosecutors. Always this threat has been skilfully parried, one device being tender solicitude toward smaller competitors (whose suppleness grew until the corporation's share of total business fell from about 62% to 43%).

At Big Steel headquarters there was a closeted skeleton which kept croaking, "What would happen to the corporation if it were broken up as Standard Oil was?"

Judge Gary worried but got nowhere with consolidations. Removal of op-

erating headquarters to Pittsburgh had unanswerable advantages. During the late boom, plans for this shift reached the point of renting office space in Pittsburgh buildings, but were wrecked by the big slump. When William A. Irvin (pronounced "Irwin") left Pittsburgh to succeed James A. Farrell as president of the corporation in New York, determination to make this shift was a principal item in his baggage.

Reasons for Realignment

Mr. Roosevelt's opposition to big holding companies forces these long-deferred reforms. Big Steel is realigning its constituent companies so that, if New Deal dynamite blows it apart, each unit will be able to continue on its own feet. Other important considerations are new laws (a) taxing inter-company dividends, (b) prohibiting consolidated tax returns which allow deduction of one unit's losses from profits of another.

Suggestions that reorganization proceed on territorial lines have been discarded for a setup on basis of products manufactured and services performed. Combination of sales offices (so that one customer can buy any number of items in one place) is just as important as simplification of manufacturing activities. In Detroit, for instance, U. S. Steel can now go after a bigger slice of the automobile business from a single office selling products of Carnegie-Illinois, Tennessee Coal & Iron, American Steel & Wire, American Sheet & Tin, etc. This puts the corporation on a par with fast-moving competitors, abolishes the old practice of entirely separated sales forces each clearing transactions through New York.

This, and the transfer of greater powers to a new sales and manufacturing executive, is in recognition of the fact that Big Steel can no longer afford to rock comfortably along on the old, heavy tonnage—railroad rails, structural steel, bridge members, etc. Profits (and demand) now lie in lighter commodities and specialties.

More Merger Plans

Proof that the world's greatest manufacturing corporation is gearing to a faster tempo is found in the avalanche of consolidation announcements. Units underlying the Carnegie-Illinois corporation are being shoved together. American Steel & Wire is slated for a merger with American Sheet & Tin Plate; meanwhile, companies making up these 2 are being brought into simplification. Real estate (the corporation is said to own \$100 millions in properties not necessary to its steel business) is being combined into large companies.

All this is great news for stockholders but not so great for jobholders. Under the old cumbersome and comfortable system, seniority ruled. Small-time executives moved serenely along at a given rate, like officers in the army, into old

age and a pension. There is expected a wholesale migration of small, overlapping officialdom into the pension status. But interest centers in the big-timers.

George G. Thorp retires as president of Illinois Steel. G. Cook Kimball, vice-president of Illinois, retains that title under the new Carnegie-Illinois company, but becomes local operating chief under Mr. Fairless. At the Pittsburgh end everyone is asking, "What's going to happen to Hughes?"

They refer to I. Lamont Hughes (nobody knows what the "I." stands for), president of Carnegie Steel. If anything worse than a rewriting of Mr. Hughes' title comes out of the storm, Pittsburgh is in for the surprise of its life. It believes he will remain the big boss of Carnegie (under Fairless) as Kimball is to become the big boss of Illinois production.

Pittsburgh's Man

Hughes is a steelmaster after Pittsburgh's own heart. He is a vast, barrel-chested man with a massive head, with hands almost as big and almost as hard as car couplers. He came up through the ranks of the corporation and nobody thinks of him as old in spite of a thinning hair coverage. The company occupies all his waking hours and probably his dreams. You do not catch him piddling around golf courses after any maddening little white ball. When he goes to the Duquesne Club, somber and sacred retreat of Pittsburgh's mighty, it is usually to a conference or some other industry gathering. He has not even taken sides in the controversy that shakes the Duquesne foundations—the same being the question of whether a portrait of a ram presented by John Phillips depicts the animal's masculinity a little too realistically. In a word, if U. S. Steel hasn't any place for Mr. Hughes, he won't have to advertise in the papers to find another position just as good.

Pittsburgh is convinced that U. S. Steel's overlords in New York are in complete agreement, that market movements and politics have speeded a long-overdue day of executive judgment. Even that advertising campaign so recently announced has been on the fire for almost 2 years. Pittsburgh figures that the copy for the corporation's consumer advertising in mass circulation periodicals will be written by Bruce Barton, that advertising to the steel markets will be handled through offices of Batten, Barton, Durstine & Osborn in cooperation with company officials.

On Dress Parade

Indications that a new era of thinking as well as of management has arrived for Big Steel are clinched by the barnstorming methods used in following up recent announcements. To Pittsburgh and Chicago went a group of ruling captains and young executives.



HARVESTER HEAD—Harold F. McCormick this week succeeded his elder brother, Cyrus, Jr., who retires for his health's sake, as board chairman of International Harvester, outgrowth of business founded by their father, inventor of the reaper.

In addition to Taylor, Irvin, Fairless, this all-star aggregation included youthful Junius S. Morgan, steel director and Morgan partner, and E. R. Stettinius, Jr., assistant chairman of the finance committee, who is said to be routed to the very top.

The trip was enlivened by luncheons with accessories more entertaining than the oratory. The one in Pittsburgh recalled to old-timers the roaring days when Charles M. Schwab was No. 1 production man for the corporation. This was much to Pittsburgh's liking, strengthened the belief that the traditional capital of steel was to regain the dominance it once held.

Jobs in the Mills

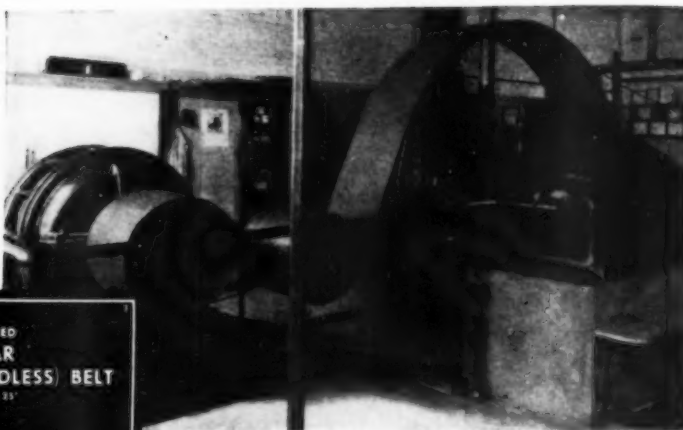
Pittsburgh was already feeling pretty frisky. You don't see many workmen on the streets because employment is drawing them back to the mills. The men who ask you for dimes are mostly well-dressed youngsters. They seem to have gone into panhandling as a career.

Steel production in the Pittsburgh district is 44% of capacity, compared to only 13% this time last year. Indications are that it is the long-awaited general tide and not a momentary wave. Comparisons of last July with the previous year show steel ingot production up 75%, payroll totals up 6.8%, department store sales up 15.6%, building permits up 378.5%.

These aren't all dramatic rises, but they measure a broad forward movement. Since Pittsburgh is uniquely dependent on other manufacturing industries, it believes that its smoky skies mean a brighter national outlook.

**BELTS
MOLDED GOODS
HOSE
PACKING**

MADE BY THE MAKERS OF
GOODYEAR TIRES



**"IT WAS A
LUCKY DAY WHEN
WE BOUGHT A**

GOODYEAR COMPASS BELT"

HERE is a typical example of the cost-reducing service Goodyear COMPASS (Cord) Endless Belts are delivering on industry's most difficult drives.

Five years ago a large manufacturer was having continuous belt trouble on his four-stage air compressor, driven by a 50 h.p. motor at 900 r.p.m. Belt-stretch was the biggest difficulty, necessitating many adjustments.

Then the G.T.M.—Goodyear Technical Man—was called in. After his usual careful analysis, he recommended a Goodyear COMPASS "40" Endless Belt, 10" in width by 25' long

No Stretch in Five Years

This belt has now been in service nearly five years and has operated more than 12,000 hours. In all this time it has never given a moment's trouble, and has not stretched a

single inch—being exactly the same length today as when installed.

No wonder this customer says: "Considering the trouble we had with other belts, we feel it was a lucky day when we bought a Goodyear COMPASS!"

The Can Help You

The secret of COMPASS' superlative performance is its exclusive endless cord construction that eliminates ply-separation trouble and insures long life under severe tension. It is the most nearly stretchless belt made.

If you have a belt-killing drive, consult the G.T.M. about COMPASS—let him specify the correct type for your service, and watch trouble vanish. To have him call, write Goodyear, Akron, Ohio, or Los Angeles, California — or the nearest Goodyear Mechanical Rubber Goods Distributor.

THE GREATEST NAME IN RUBBER

GOOD YEAR

The "Big Coal Strike"

After listening to repeated cries of "wolf" since last February, business refused to get excited as the Bituminous Joint Conference wrangled over a cent and a half.

WHAT is actually the biggest bituminous coal strike in history has run its course this week without causing a ripple on the public peace. True, Mussolini and the King of Kings have held the front pages in everybody's paper. Also the weather continued mild, industry had a stock of coal, and coal was still rolling on the roads. But this soft coal walkout just didn't smell like a real strike and nobody bothered to get excited.

From last February up till Saturday, Sept. 21, the miners and the operators put on a high-class performance of shadow boxing. Their agreement was to expire on Apr. 1, but was continued till June 16 to coincide with the expiration of NRA. Then President Roosevelt requested another extension till July 1. Next, Madam Perkins, for the President, secured a stay till Aug. 1. Mr. Roosevelt again asked for delay and this highly adjustable strike, which the miners carefully insist is really just a "suspension," was again set ahead for Sept. 16.

Surprise, After All

This time, to the general surprise, nobody asked anybody to please be good and wait some more. In fact, the operators were so surprised that they hadn't even made the usual request that "maintenance men" be kept on the job to guard the pits against flooding and rock

falls and to keep the ventilation going.

So there they were with a strike on their hands and 400,000 miners idle. Whereupon the joint conference of miners and operators went to work and in a few hours on Saturday, Sept. 21, more was accomplished in the way of negotiation and compromise than in the past 7 months during which the industry sat around waiting for the government to find a rabbit in the hat. The union waived its demand for a 6-hour day, the contest came down to a matter of 1½¢ an hour, and the public just didn't believe that the country was going to be stood on its ear for any such figure as that.

Of course, there have been other factors—2 groups of operators, for instance, one eager to have the NRA idea extended and the other wanting no legislation—no Guffey bill. The early truce weakened John Lewis' position, for then the demand for coal was fading with the season. This time the miners had cold weather coming to raise the public fear.

In 1934 when Lewis fought for the 7-hour day he would not budge, and won. Now he has scuttled the 6-hour demand. Whether he would give in on the 1½¢ per hour, nobody knew, because John Lewis keeps a close mouth, has no confidants. He is a Republican, voted for Hoover, but has supported

the present Administration and fought for the Blue Eagle until it was dead.

In the wage argument the operators have had to keep in mind their problem of continuing to market coal in competition with oil and gas. Under NRA with gas and oil both controlled in Washington, they were enjoying an advantage. But gas still runs wild, the new Bituminous Coal Commission and Coal Labor Board are unknown quantities, and oil prices are slipping. Moreover, Harlan County mines in Eastern Kentucky, the so-called "progressive mines" in Illinois, and 2 Virginia companies keep right on shipping bituminous—in all a sizable tonnage.

Kitchens and Radio

1935 exposition reveals that all electric kitchens and metal tubes are gaining.

VISITORS to the National Electric and Radio exposition, held this week at New York as usual, were conscious of two outstanding trends. The complete electric kitchen is taking hold, and metal radio tubes are catching the market.

The show itself reflected the better business conditions, both in number and quality of exhibits. It relied less on pretty demonstrators, and more on merchandise and new developments.

There were many new improvements in the diverse line of electric domestic equipment, much of it a matter of design and color. Three appliance manufacturers—General Electric, Westinghouse, and Landers, Frary & Clark—installed electric kitchens.

Radio is running strongly to higher priced console cabinets. Last year 60% of the demand was for table models and midget sets. Today 60% is for the new console type. People are picking the high-priced stock.

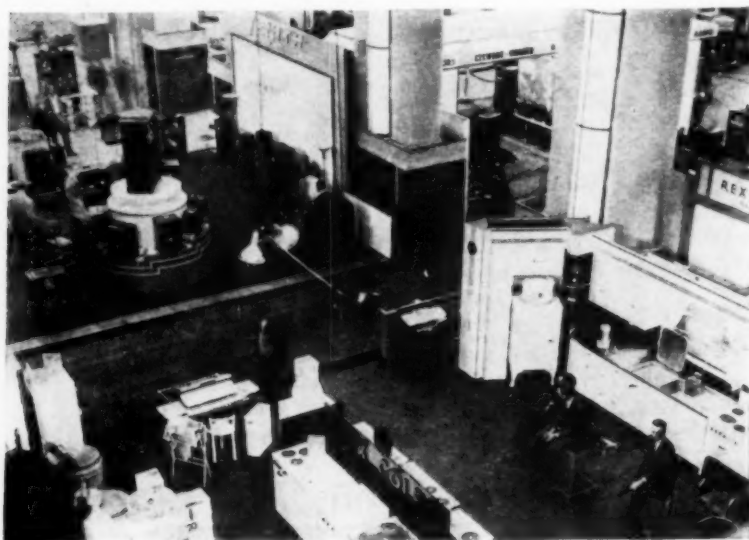
Finance Companies Back

Manufacturers and dealers are feeling good over this. Also the season opened a month earlier, partly because the big finance companies are back in radio, and good credit terms are freely offered once more.

Radio cabinet design has gone forward. There seems to be more taste and beauty in the models, straight lines and a semi-modernistic richness.

Thirty-nine manufacturers are already using metal tubes in 2 or more models, while 20 stick to glass. But 63% of the new A.C. sets use glass tubes, while 37% have metal. The swing, however, is to metal (BW—Aug 17 '35).

The show drew larger crowds this year. Popular interest centered in the "Hall of Science," where the radio knife, the "sun-motor," the "talking light beams," and the radio "frisker" were featured.



ELECTRICAL AND RADIO EXPOSITION—This year's show at the Grand Central Palace in New York revealed a decided trend toward all-electric kitchens and the higher-priced radios. Metal tubes were gaining ascendancy. Console cabinets won favor from the large crowds.



**"FACTS COME FASTER
WITH POWERS PUNCHED CARD
METHODS"**

SAYS

**THE PENN MUTUAL LIFE INSURANCE
COMPANY OF PHILADELPHIA**



MR. WILLIAM A. LAW, President
THE PENN MUTUAL
LIFE INSURANCE CO.

SEARCHING
Out the intricate facts which a large insurance company must have instantly at its finger tips is reduced to a matter of minutes with Powers," says Mr. William A. Law, President of The Penn Mutual Life. "We

consider our tabulating equipment the most up-to-date available.

"For instance, we have a closer control over installment payments and annuities today than ever before. We can complete the monthly analysis of our country-wide expense in less than 24 hours. We can determine at any time and with unusual

speed and accuracy the individual production records of our thousands of men in the field. These are but a few of the operations for which we use our Powers installation."

The Penn Mutual Life Insurance Company is only one of hundreds of businesses where Powers Punched Card equipment brings definite savings and increased management effectiveness.

On Sales. Powers Machines bring complete day-to-day analysis, giving cost per sale, volume compared to quota, results by salesmen, by item. Predicts style trends, helps uncover loss items, reduces depreciation and inventory.

On Production. Powers Machines control cost, improve accuracy of material records, give better control of payrolls.

On Collections. Powers control often gets monthly statements into mail ten to twelve days earlier, greatly improving cash position.

Powers Machines are leased. Thus you get an improved system of accounting without capital investment, and punched card control as an added plus value.

Our representative will gladly make a complete study of your present procedure and recommend the Powers machines which experience has proved will save you money. Because Remington Rand makes all types of office equipment, he is in a position to give you impartial advice.

Telephone Remington Rand today for a demonstration of Powers machines in use in your own city. Or write Remington Rand Inc., Buffalo, New York.

**Remington Rand
POWERS
Accounting Machines**

OK..it's from Remington Rand

Listen to the "March of Time" every night except Saturday and Sunday at 10:30 E.D.S.T. Columbia Network



HOUSE PARTY—When Ward M. Canaday came to Detroit to talk about the plans of the Federal Housing Administration, in which he is Assistant Administrator, he found 200 members of the Michigan Society of Architects assembled as guests of Briggs Manufacturing Co., interested in housing through its plumbing ware lines. In this after-dinner group are (left to right) Clair W. Ditchy, president of the society; Mr. Canaday; John A. Callahan, general manager of Briggs' plumbing ware division; Charles R. Hook, president of American Rolling Mill Co. (steel houses); Joseph Dodge, president of Detroit Savings Bank.

Cars—Bright But Not Gaudy

Detroit previewers report that the new-model parade, started by Buick, will feature improvements in service, appearance, and comfort with any startling innovations confined to the upper price brackets. Industry prepares for big year in midst of humming fourth quarter.

ADVANCE guard of a regiment of shiny new cars which shortly will be on parade before the country, Buick is today presenting its 1936 models. With a fanfare of publicity (including broadcast of the Baer-Louis fight), it is the first major car manufacturer to announce products with which it expects to "go to town."

Buick has cast aside traditional conservatism in favor of modern styling, with speed the motif. Such "catalogue" names as "Series 40" and "Series 60" have given way to snappy titles—the Special, Century, Roadmaster, and Limited, on 118-, 122-, 131- and 138-inch wheelbases, respectively. All models are "speedlined," have deep-drawn, sweeping fenders, high wedge-shaped radiators, sharply slanted split V-type windshields and steel (turret) tops. Hydraulic brakes are standard equipment.

Power, ease of driving, and comfort are stressed. The 118-inch wheelbase Special (formerly the 40) has a 93-hp. engine having top speed of 85 miles an hour and quickened getaway. There are numerous automatic devices—for engine heat control, vacuum spark, choke, control of engine idling. Head room, leg room, and elbow room are

greater. Heavy insulation protects passengers from heat and cold, makes bodies quiet. Fisher no-draft ventilation and independent front wheel springing are continued. Anolite pistons (aluminum given an anodic treatment) replace cast iron. Economy of operation is stressed.

Firstcomer Cuts Prices

President Harlow H. Curtice expects Buick to sell 135,000 cars in 1936, compared with 85,000 this year, is widening Buick's market by reducing prices \$30 to \$385. The Special 4-door sedan is \$885, f.o.b. Flint (only \$25 above the Pontiac 8); the comparable Buick Century Model (122-inch wheelbase) is \$1,090, squarely competing with Packard's 120. One model—Special business coupé—lists at \$765. Number of models has been cut from 25 to 16. Buick's price slash is considered a market readjustment, not a forerunner of general price reductions by the industry.

While Buick's factory is operating at the highest rate since 1929, other manufacturers are swinging into production of new cars, thus ending one of the shortest tooling periods on record. The annual rush of dealer meetings and factory previews of new models is on.

Last Tuesday, climaxing the largest sales meeting in Packard's history, some 1,700 "demonstrators" were driven home by dealers and distributors in the industry's most spectacular "driveaway." Packard's public announcement of new models incorporating conservative changes, featuring the "120" with added power and more body room, is due Sunday, Sept. 29.

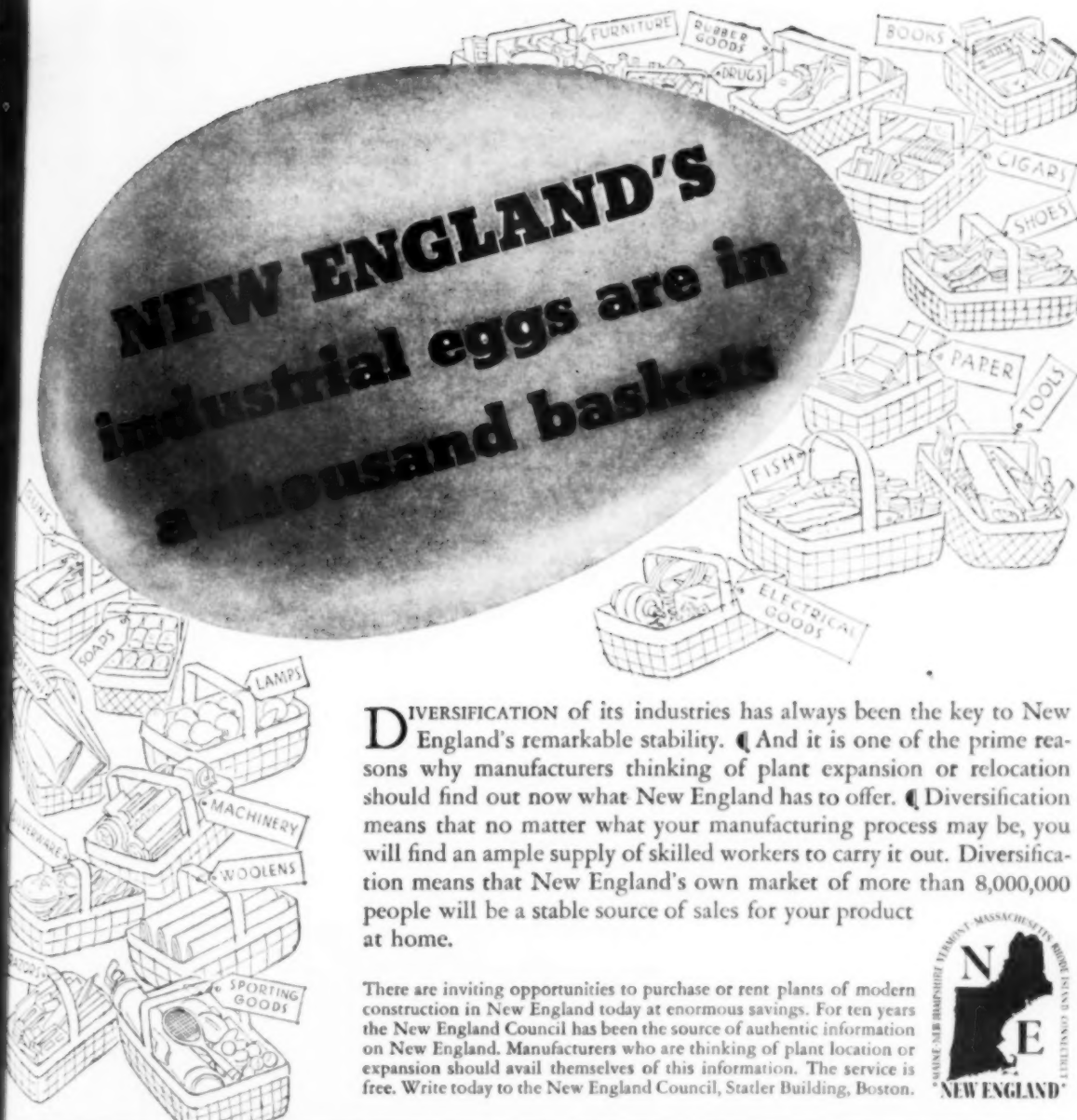
The public won't be let in on most new car secrets until some time in October. Among cars priced under \$1,000, however, no startling innovations are promised. Companies generally will call it a day after altering the appearance of radiators and fenders, in certain cases adding steel tops and hydraulic brakes. Most cars, in fact, will have the steel top. Motors, aside from a slight step-up in speed and a shift to aluminum pistons, will be about the same as at present.

In the higher-price field, Cord is reported ready to uncover a front-drive, supercharged car of tear-drop design which will stand out as conspicuously as Chrysler's Airflow car 2 years ago. The new Cord, according to reports, has no radiator shell, the hood sloping forward to join front fenders; inset door handles and hinges; retractable front head-lamps which during the day can be recessed into the fenders and covered by a slide panel; a V-8 engine. It will be built at the Duesenberg plant.

The new V-12 Lincoln, reputedly in the \$1,100 class, is another car which is likely to have a notable design. The new Fords, with no basic changes, are due in October.

Car selling the coming year will center around 5 cardinal points—beauty,

NEW ENGLAND'S industrial eggs are in a thousand baskets

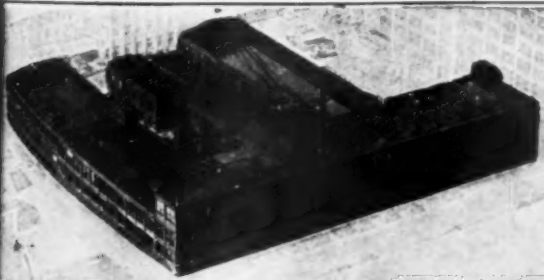


DIVERSIFICATION of its industries has always been the key to New England's remarkable stability. And it is one of the prime reasons why manufacturers thinking of plant expansion or relocation should find out now what New England has to offer. Diversification means that no matter what your manufacturing process may be, you will find an ample supply of skilled workers to carry it out. Diversification means that New England's own market of more than 8,000,000 people will be a stable source of sales for your product at home.

There are inviting opportunities to purchase or rent plants of modern construction in New England today at enormous savings. For ten years the New England Council has been the source of authentic information on New England. Manufacturers who are thinking of plant location or expansion should avail themselves of this information. The service is free. Write today to the New England Council, Statler Building, Boston.



TYPICAL NEW ENGLAND OPPORTUNITIES



PROFIT—This plant has shown a profit regularly throughout the depression. With an organization of over 1,000 employees, and occupying some 125,000 square feet of floor space, this company has been one of the leaders in the office equipment



POTENTIAL PROFIT—This plant, located in one of New England's leading industrial communities, a location just as favorable as that of the Profit Plant, can be rented for 9¢ per square foot or bought for \$15,000. Reasonable taxes on this plant will be arranged by the owners. It is a modern structure and is just one of the Potential Profit opportunities offered in New England today.

THE NEW ENGLAND COUNCIL
Development and Research
STATLER BUILDING, BOSTON, MASSACHUSETTS

economy, comfort, quietness of operation, and power of performance. This year the industry is abandoning a 35-year tradition by holding the New York show Nov. 2-9 instead of in January, hoping to stabilize retail demand and secure more even production and employment by introducing new models in the fall. Again under management of the factories, the show has been dubbed "Motordom on Parade" and will feature action exhibits of construction and operation of cars. Individual manufacturers will supplement Grand Central Palace exhibits with elaborate private showings at hotels.

Expect a Good Year

With a big fourth quarter ahead, which will swell 1935 production to 3.7 million cars, the highest figure since 1929, the industry views 1936 as a "good automobile year." Executives predict increased sales of 20% to 30%, expect the year to be far above the 4-million mark. Companies in the lower medium price group (\$650-\$850) expect healthy gains as car buyers, recovering from depression's wallop, spend more money for a little better car. Even manufacturers in the higher-price brackets radiate enthusiasm. Packard, for example, expects to build 70,000 of its 120 cars and 9,000 of its larger cars in the year starting Oct. 1.

In preparation for the sales "killing" next year, the industry is making capital outlays rivaling those of the 1920's. General Motors has spent \$50 millions in plant enlargement and rehabilitation; Ford \$32 millions at the Rouge plant to expand productive capacity; Chrysler large sums to increase facilities.

Car Dealers' Profits

Made 1/2c. per dollar of sales last year; most red ink used in big cities; loss on used cars drops.

ONE-HALF cent net profit on each dollar of sales is the automobile dealer's income, according to a survey covering the 1934 operations of 473 members of the National Automobile Dealers' Association, and with this information to back up their case, dealers are expected to sharpen their drive on manufacturers for larger discounts on cars and parts.

Only 330 dealers made a net profit, the remaining 143 doing business at a loss. The average dealer made \$1,600 in the year. The biggest single item of expenses was commissions and bonuses, which took 14.52% of the gross profits. Salaries, rents, cost of supervision, and guarantee and service charges accounted for big slices of the total.

The reports supply no ammunition for or against big or small dealers. The biggest dealers reporting were 12 with sales of over \$1 million each; only 8

made money, while the other 4 went into red ink. Of 8 dealers with sales of \$10,000 to \$25,000 a year, only 6 showed a profit.

As the size of the city increases, the chances for a dealer to make money diminish. Of 24 dealers in large cities of over 1 million population, only 9, or 37.5%, showed a profit, but in cities of 100,000 to 200,000 population, a profit was made by 66%, and in towns of less than 2,500 the profit-makers were 81.6%.

The survey shows progress in solving the used-car problem. Of the \$137 millions of sales by the 473 dealers, sales of used cars accounted for \$31 millions, or 22.84%; but they caused a gross loss of only \$137,377, or 0.43% of total sales. But dealers point out that, with that average profit of only \$1,600, a few careless appraisals of trade-ins can easily throw them in the red—from which they return to the argument that car makers should increase the discount and give them a better chance.

Can County Tax RFC?

Assessor in Chicago tries to levy on its bank stocks.

THE Supreme Court is in for another job if the RFC and County Assessor John S. Clark, of Cook County, Illinois, can be believed. They are in a squabble with both sides adamant.

Cook County wants to levy personal property taxes on the \$100 millions of Chicago bank stocks that RFC owns, and RFC won't pay.

Last year the Illinois Tax Commission specifically exempted RFC's bank stock ownership, but now County Assessor Clark has a ruling from Assistant State Attorney Hayden N. Bell that he can assess for this year and last. Amount he is trying to collect is \$2.5 millions annually.

In other states, similar efforts by assessors have been overruled by the courts.

New Trolleys Needed

Buses, too, have obsolescence problem; 47,000 vehicles must be replaced in 5 years, transit convention hears.

ABOUT 47,000 street cars and buses now being used in urban service by the transit industry in American will be obsolete in 5 years unless quick steps are taken to substitute new rolling stocks. Replacements will cost \$170 millions.

These figures were laid before the 54th annual convention of the American Transit Association in Atlantic City this week by Malcolm Muir, president of McGraw-Hill Publishing Co., publishers of *Transit Journal* and *Bus Transportation*.

There are 22,000 street cars 20 or



USING DRY ICE IN SHIPPING FISH—The refrigerator car has been eliminated in transportation of fresh or frozen fish by rail from Northwest. Railway Express Agency handles millions of pounds monthly without cost of re-icing. Any available space in baggage cars is used. Dry ice is put in racks above boxed fish; then whole thing (as at right) is covered with a tarpaulin.

more years old. And of the urban buses there are 10,000 with 5 or more years of service. Perhaps 20% of this obsolete equipment is not now in use, but as employment increases much of it will go back to work.

More Riders

The trolley and bus men operating the city transit systems of the country came together this week to the number of 1,000 in a sanguine frame of mind. Business is better. Last year the public purchased some 14 billion rides.

There are 32,000 miles of street and electric railway tracks, 25,000 miles of bus routes, and 500 miles of trolley bus routes. It takes 58,000 rail cars, 18,000 buses, and 500 trolley buses to haul the load.

Electric surface railways carry 65% of the traffic; subways and elevateds, 20%; motor buses, 14%, and trolley buses 1%.

The total investment in the transit plant and equipment, private and public, is about \$5½ billions, with some 500,000 men and women employed in the business.

The bus has been gaining in popularity. In 9 cities of over 100,000 population it has completely displaced street cars. Buses have been substituted this year in 22 cities of under 10,000 population. Their sales this year are 50% ahead of 1934. Trolley buses are going slowly.

New Street Cars

But the street car is not taking the bus competition lying down. Spurred by the research work of the Presidents' Conference Committee, there has been great activity in developing better equipment.

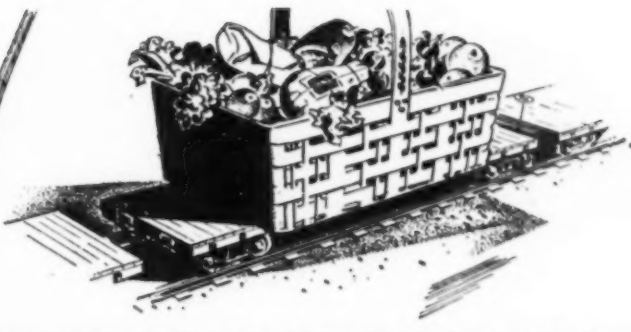
The new street cars and buses make the older vehicles look out of date. And the public soon condemns the outmoded equipment and clamors for better service, though that in use may still be in good physical condition.

Transit men wonder what sort of reserves must be set up to carry the replacement that such rapid development calls for. But most of all, they wonder how it can be done, under the close regulation of the state utility commissions, which haven't been recognizing "style obsolescence."

Edward Dana, vice-president and general manager of the Boston Elevated, was elected president of the association.

New Combination

The Santa Fe has placed in service on the Coast-Chicago run the first combination Pullman-chair car ever built by any railroad. Eight more are to follow. They are to be placed ahead of the diner for accessibility to all classes of passengers. Equipment includes air conditioning, modernistic day coach seats, barber shops, baths, cigar stand, and standard Pullman berths. These cars will supplant the present combination baggage-club cars which are too far front for accessibility.



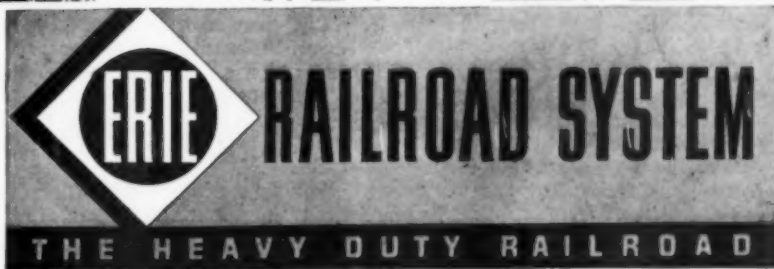
TOMORROW'S NEW YORK DINNER IS RIDING THE ERIE TONIGHT

● Racing eastward from Chicago, even as you read this, are fast Erie trains on which New York and many another eastern city depend for fresh fruit, vegetables and other market products for tomorrow's dinners.

These trains maintain the fastest freight schedules known between Chicago and New York, and failure to make scheduled deliveries is practically unknown.

In the early morning hours, metropolitan New York produce men gather at Erie piers for the daily food products sales. These buyers bank on Erie dependability. It means dollars to them—and dinners for New York.

The Erie travels fast—and travels on time. Whether it's meats or machinery, spinach or steel, cantaloupes or coal, this fact can save you money and trouble no matter what you buy or sell. You can depend on the Erie. Call your Erie representative.





WHERE THEY'LL COME IN '39—Much of the site of the New York World's Fair, shown here in an aerial view, is now marshy land. Men, muscles, and machines will change its appearance. A considerable area of it was recently bought by the city as part of the proposed Flushing Meadow Park.

World's Fair, New York Style

But it will be the Chicago style in many ways, for the fair on Long Island in 1939-40 will copy business structure of Century of Progress. There will be bond issues and membership drives.

AMERICAN business will have an unusual factor to deal with in 1939 and 1940—a world's fair in New York City.

A great many firms will have exhibits there, and some will erect large buildings. Transportation to and from New York will be exceptionally heavy. New York business will gain by the influx of tourists.

These expectations are based on the experience of the Century of Progress Exposition in Chicago, during 1933 and 1934. Chicago planned and put over a world's fair in the midst of the depression, and not only broke even but came out with a profit. Taking heart from this example, New York business announced this week that it would hold a world's fair in 1939 and 1940, when the depression is expected to be over.

Washington Provides a Reason

The fair will commemorate the 150th anniversary of the inauguration of Washington in New York, on April 30, 1789, as first President.

Though the plans are definite, there is one possible circumstance that may upset them. This is a great war, which might make the project impractical.

The idea was worked out by Joseph F. Shadgen, an engineer who lives in Jackson Heights, about a mile west of the site later chosen for the fair. He discussed it with Edward F.

Roosevelt, a distant relative of the President, and then they presented it to a group of business men interested in civic welfare, headed by George McAneny and Percy S. Straus. Mr. McAneny has held important city offices and is now president of Title Guarantee & Trust Co. and of the Regional Planning Association; Mr. Straus is president of R. H. Macy & Co.

Site on Flushing Bay

The business group studied the suggestion and approved it. To avoid squabbles at a later date, it was decided to choose a site immediately. This is a tract of 1,003 acres on Flushing Bay, on the north shore of Long Island. Situated within the city limits, it is nearer to most of Manhattan Island than Coney Island is, and can be reached by automobile, subway, elevated road, railroad and boats. Seagoing craft can enter the bay.

The plan has been approved by Mayor LaGuardia and Governor Lehman, and has the implied endorsement of President Roosevelt, who says he is "interested" in it. The city and the state will take official action to help it along.

Frankly, the New York business community is patterning its fair after the successful one in Chicago. The advice of the Chicago managers has been asked

and given. Similar plans of organization and financing will be followed.

There will be a membership cooperation of business and civic leaders, who will put up the money necessary at the start; and the permanent financing will be done by issuing bonds. There will be financial drives and membership competitions and a lot of exultation and scoffing and heartbreak; but in the end New York will have its first world fair since the one that opened in 1853, which was the first in this country.

Grimm's Shows

Treasury assistant gets durable industries to cooperate in 49 housing displays all over U.S.

TRYING to encourage home-building at moderate cost without the stimulus of a government subsidy, Peter Grimm, assistant to Secretary of the Treasury Morgenthau, has enlisted the cooperation of the durable goods industries in a wide series of exhibits to show people throughout the country what their money will buy in well-planned, substantial, and convenient houses.

Further subsidy schemes are in the wind, but Grimm is confident there is a vast market for housing that can be privately financed. He says his plans are now in the hands of men with honest ideas of running them and not merely with the idea of making a lot of dough.

49 Exhibits Planned

Russell G. Creviston, of the Crane Co., Chicago, has been elected chairman. There will be 9 big shows to start and 40 more to come. Comprehensive exhibits of house construction, materials, and equipment will be assembled.

These shows, according to Mr. Grimm, will not be dressed up to look like a circus or a night club and they won't be shows confined to radios, refrigerators, or any other one item parading as a housing exhibit.

The big shows will be too expensive to put on in towns under 100,000. To reach the small towns, which are the greatest market for housing, Grimm played awhile with the idea of sending shows on the road by motor caravan. This was abandoned as impracticable and plans are now on foot for construction of 500 to 1,500 model homes.

There is nothing essentially new in this idea but Grimm hopes it will be better done than the ordinary run of model-home campaigns which spatter the real estate pages.

Local contractors will foot the bill. They will be furnished with free plans and with discounts from regular trade quotations on all purchases.

Grimm was cheered by the cooperative spirit of the firms represented in the

**"BUT WHY
DON'T THEY
BUY OUR
PRODUCT?"**



To this question, as every sales manager knows, there may be a single answer—there may be a dozen. But, fundamentally, it's a matter of *merchandising*—of "clicking" at that crucial moment when the customer is buying.

The dealer won't help you unless *you* help him. Unless your package helps him. Unless your displays help him. Unless your whole merchandising plan is worked out to give your product the push that really counts—the push across the counter.

Perhaps *you* are facing the problem of a product that isn't clicking as

it should. If so, it is only logical that the American Can Company with its contacts throughout the package merchandise field could be of assistance. We see problems being solved each day. We add continuously to our store of knowledge of why products move, of how stagnation has been solved in other cases.

This experience, plus constant field study in retail stores, is available to you. Your problem may be an old one to us—it may involve extensive new study. Whichever it is, you will find here a willingness to work

with you until the solution is found and applied.

A call from you will find us ready to assist—with all the field data, experience and knowledge at our command. Just address our Sales Promotion Department.

Why does American Can Company concern itself with problems of retail merchandising?

Our reasons are the same as yours. We cannot sell more packages than you sell for us—you cannot sell more than people buy. The consumer is our common goal.

AMERICAN CAN COMPANY

230 Park Avenue, New York

Washington conference. Keen competitors in many of the same lines of equipment are expected to pull together.

All sorts of building materials will be used but there will be no concentration on a glass house, a copper house, steel house, or any other sample of one industry's attempt to monopolize a complete housing assembly.

Chains Sell Less

Cleveland survey shows independent grocers gained in 3 years. Maybe NRA was the cause.

INDEPENDENT grocers have gained a little in the past 3 years, while chains have lost ground. That is the situation in Cleveland and its suburbs, as revealed in the third of the series of grocery-consumer surveys made by the Cleveland Press at 18-month intervals, with the cooperation of the Parent-Teachers Association.

Or, rather, that was the situation last

June, when the Press gathered the huge amount of information which has since then been analyzed and tabulated. And in June the Supreme Court decision against NRA, ending regulations which had given the independents a break, had only just been issued. The situation may since have altered in the chains' favor.

In June, 1932, when the Press made its first survey, the independents had 27.4% of the business. In November, 1933, shortly after the start of NRA, they had 28.9%; and last June, 32.4%.

Included in the independents are the so-called voluntary chains. Of the total business of the independents last June, the Edward Food Stores had 19%, the United Food Stores 12%, and the unaffiliated grocers 69%. The voluntaries were not separately checked in the previous surveys, and so the new report does not show whether their business gained or lost in the 3 years.

The chains lost. They did 72.6% of the business in June of 1932; dropped to 71.1% in November, 1933; and then down to 67.7% last June.

Whiskey, Gasoline, Ice, Milk

These 4 industries are herewith told what there is behind the soft words of Professor Hamilton, who advises President on consumers' problems.

AN answer came this week to a question that had been keeping some industries anxious since Walton H. Hamilton was appointed Adviser to the President on Consumers' Problems.

The question was whether this cautious-speaking, elderly, former professor of the Yale Law School would issue reports that would put any industries on the defensive and might induce troublesome legislation.

The answer is Yes.

Whiskey, gasoline, ice, and milk are the subjects of reports which have been sent to the President and to officials of the remaining NRA, and of which the Washington office of *Business Week* has obtained information.

The reports will be useful in drafting the President's substitute NRA bill for the next session of Congress.

Government's Job?

The whiskey report suggests 6 ways of reducing prices in order to combat bootlegging and enable the consumer to save money—or drink more whiskey. One of the suggested possibilities is government ownership.

There is a greater general significance in the gasoline report, because it carries out Professor Hamilton's announced intention of using the prices charged by cooperatives as yardsticks to measure the prices of profit-seeking

firms. The report points to the lower distribution costs of gasoline co-operatives. The ice and milk reports are equally blunt.

Professor Hamilton has announced he intends to cooperate with business. He conceives of himself as a trouble-shooter, taking individual industries and analyzing them for the trouble spot in production or distribution that is holding retail prices up.

He doesn't assume all prices are too high; and he says high prices aren't always due to high profits. But he is willing to rap excessive profits when his investigations reveal them.

Grade labeling will only be a minor part of his work; so the canners needn't be particularly afraid of another major battle on that issue. He believes the quality of American goods is generally high, and that the impediment to consumption usually lies in prices. But he says there's "no panacea for the consumer."

In the textile industry study, now under way, he expects to find the trouble spot in antiquated production methods, and he'll recommend that modernization credits be granted.

Here are summaries of the reports he has already made:

Whiskey. The troubles have been: increased taxes; an NRA code, which



TELLTALE TURNSTILE—A cashier presses any one of 5 buttons to unlock this device and admit a passenger to Chicago Rapid Transit trains, and by the same act records whether she was admitted free, on pass, on ticket, for 3c. (with surface line transfer) or 10c. lights a signal on the fare indicator, and rings a bell to call an inspector's attention to the transaction.

is "a device for languishing industry," was "applied in slavish imitation" to a reborn industry that had no difficulty in making a profit; and FACA's early policy of restricting capacity has tended to limit competition and inflate prices.

6 Ways to Cut Whiskey

The 6 possible methods of reducing prices are: (1) to insist on wide-open competition among distillers, making them go bankrupt if they can't be efficient; (2) to eliminate unnecessary rectifiers, wholesalers, and retailers by simplifying the distribution system and allowing unprotected competition; (3) to teach consumers to buy whiskey according to government standards, instead of brand names and advertising claims; (4) to reduce tariffs; (5) to revise liquor taxes; (6) to establish a government monopoly of distilling, distributing and marketing.

Gasoline. The trouble spots are: first, unregulated competition, excessive drilling, and too many filling stations; second, monopolistic practices, price agreements, and monopolistic use of patents. The report points out that in hearings before the code authority, co-operatives testified they could sell gasoline on a 3-cent spread between refinery and consumer, while the commercial companies asserted they would go broke on less than a 6-cent spread. Suggested reforms are still to come.

Ice. Trouble spots are price-fixing and faulty distribution. Price-fixing is

necessary to prevent cutthroat competition, but should be supervised by the government. The industry "is dying from mechanical refrigeration competition"; and the report, which hasn't been finished yet, will probably say the industry knows it hasn't long to live and is getting all it can while it can. The finished report will recommend public utility regulation or semi-regulation, and urge lower prices for ice-boxes.

Milk. The trouble spot is distribution; too many companies are sending their trucks to customers living in the same block. There should be real cost-accounting on the farm. The second part of this unfinished report will make more specific suggestions.

Other industries may expect the kindly cooperating Professor Hamilton to cut loose in the same untrammelled style.

Chicago Transfers

Surface and "L" lines unite—on scheme to speed up traffic.

WITHOUT waiting for unification, Chicago's 2 main transportation systems—surface and "L"—this week embarked on an experiment—an exchange of transfers at 52 designated points. The city wants Chicago Motor Coach Co., subsidiary of Omnibus Corp., in on the plan and the bus lines, seeing possibilities of losing revenues, are supporting the petition before Illinois commerce commission.

On payment of 10¢ fare—present charge on elevated lines and 3¢ more than on surface railways—transfers are obtainable, permitting rides by street cars, elevated and street cars again. Passengers do their own time punching on automatic machines as they leave the "L." Present 7¢ street car fare, with free transfers between routes, is not affected.

For Better Distribution

Purpose of the plan is to divert long-haul traffic to elevated lines, where it can be more easily handled, and to use street cars as distributing agencies. Average speed on surface lines is less than 12 miles per hour; on the "L" it is nearly 17, with expresses averaging about 4 miles better. On a typical combination trip from the northwest side to south side through the Loop, requiring 1 hour 45 minutes by street car, 24 minutes can be saved by using the elevated for the major part of the trip.

If the expected diversion takes place, the "L" is prepared to put on more trains, especially expresses, and to increase its fast train service.

Basis of diversion of revenues has not been determined. Companies have a year in which to reach an agreement;

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MONROE



the state commerce commission will fix the split if no accord can be effected.

Chicago Surface Lines in 1934 carried 677,530,016 revenue passengers, or about 80% of the total handled by all 3 systems. Figures exclude free and transfer passengers. In the first half of 1935 fiscal year a decrease of nearly 2% has occurred, primarily because there's no Century of Progress this year.

Chicago Rapid Transit—the elevated—carried 127,276,803 revenue passen-

gers in 1934 and in first half of 1935 shows gain of 3½% over the same period of last year. Chicago Motor Coach Co. had 43,698,743 passengers in 1934, was down 6% in the first half of '35.

Negotiations have been going on for years looking toward a unification of the 3 transportation systems, the 2 main ones being in receivership. Officials of all 3 have just agreed with the city council traction subcommittee to start drafting a new enabling ordinance.

Wheat's Up—And Canada Wins

Argentine drought and French and Australian shortage give Dominion best chance in years to sell big volume to Europe at high price. This will affect the price that U. S. consumers must pay.

WITH North American wheat harvests approaching completion and with the Argentine season far enough along so that maximum probable production may be predicted, the world wheat picture is shaping into lines that present 2 definite conclusions:

First, sellers have the best opportunity in several years to impose a high average price on the world structure.

Second, Canada, after years of stubborn but fruitless efforts to hold prices up and at the same time continue to sell large quantities, is finally in a position to do both.

American participation in the general scene is minor. After 3 successive deficiency years we have nothing to offer in world export markets, and at the same time will probably import from Canada an amount so slight (50 million bu.) as to have no more than a mild effect on import markets.

Will Affect Price Here

But while our contribution to the general pattern is negligible, the world situation is of considerable importance to us, since the price of the wheat imports which now appear necessary for our bread-making will to a great extent determine average prices here, and the import price is dependent on Canada's ability and luck in making the best of her first chance in several years.

Argentina is really the nub of the entire problem. It was Argentina that in the past few seasons enabled England and the European continent to thumb their noses at the Canadian high-price policy and to feed themselves at low prices from the constant flow of cheap Argentine supplies. France helped some, due to an ill-fated government agricultural scheme that built up surpluses, but France is also out of the new picture as a world-supplier.

Drought struck deep into Argentina this season, removing 5 million acres

from the normal planted total, and causing abandonment or sub-normal yields on the 14 million finally sown.

As a result, Argentina will only produce 120 to 150 million bu., of which the home folks use 95 millions, and as much as 50 millions, if available, would ordinarily be taken by Brazil and Central America. Argentina will have little or nothing to offer in Europe.

Thus there is an immediate hole made in the supply available to world import markets, because Argentina last year contributed 180 millions of the 515 millions taken by importing countries.

Checking off Argentina for 180 millions less, and Australia and France each

for 50 millions less, it is clear that buyers will have to scratch for offers instead of sitting back and selecting what they want, as they have been doing for the past 5 years. Even if Russia returns to export markets with 50 millions or so, compared with her meager 3 millions of last year, the position of buyers is still nervous.

The Dominion's Chance

What Canada will do with her opportunity remains to be seen. If world imports total 515 millions again this season (and this is a small total, considering that as late as 1929 they were over 800 millions) Canada wins a market of perhaps 280 millions, which will not only take all the surplus from her 1935 crop of 285 million bu. (60 millions of which is unmillable) but will cut down her 200 million carry-over from last year to 50 millions, a very moderate total, and make things hum in the Dominion.

There are two clouds on this rosy possibility.

First, Canada has overlooked possibilities before, such as the strong market of 1933 when Liverpool crossed \$1 a bu. and the Canadian policy-makers (led by John I. McFarland, who is still chairman of the Grain Control Board) were left looking for still higher prices after the peak was passed. Such over-optimism may occur again.

Second, advancing price levels undoubtedly will discourage consumption and produce another fierce effort to increase home production in Europe, which could upset things somewhat.

A final major ingredient is the war



CARRYING ON—No change is contemplated in SEC policies, James M. Landis (left), successor to Joseph P. Kennedy and one of the authors of the securities control legislation, declared in his first press conference as chairman of the commission. Upon the new Securities and Exchange Commission chairman will devolve the job of executing the public utility holding company death sentence.

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influence. Beyond doubt actual hostilities on any broad scale would boost the market for foodstuffs, but thus far this factor has been overrated. The price jumps that recently sent Liverpool to the highest level since 1930 were started almost wholly by the crystallizing conclusion that this year there will be a scarcity of world wheat.

Not Afraid of Landis

Though brain-truster succeeds Kennedy as SEC chairman, finance shows no jitters.

A BRAIN-TRUSTER this week stepped into the large shoes of practical, experienced Joseph P. Kennedy, resigned head of the SEC, and the financial world expressed no particular apprehension.

The new chairman of the commission, appointed to fill out Kennedy's unexpired term (to July 1, 1937), is James M. Landis, one of the writers of the securities act, former law professor of Harvard, and one of Professor Felix Frankfurter's disciples, several of whom played such a prominent part in the early days of the Roosevelt Administration.

Kennedy, as chairman, took a drastic law and so tempered its administration with his financial and market experience that gradually the SEC was changed from a bugaboo to a friendly institution, and financial affairs blossomed under its surprisingly soothing and sympathetic treatment.

Landis is decidedly unlike Kennedy. His financial experience has been purely academic, his viewpoint that of a liberal teacher of law. Nevertheless, since his appointment in July, 1934, as a member of the commission, he has so consistently agreed with and absorbed the Kennedy methods and the Kennedy experience that President Charles Gay of the New York Stock Exchange said upon his appointment, "I am very much pleased to learn of the election of Mr. Landis as chairman." Kennedy's comment was brief—"He's a damn good man."

Landis assured inquirers that there would be no change in SEC policies, no deviation from Kennedy principles.

The Job Has Grown

He comes into the chairmanship at a touchy time. The commission, at the last session of Congress, was handed the herculean job of administering the public utility holding company act. As the new chairman, Landis will head the ex-swinging on holding companies, supervise the increase of the commission's staff from 700 employees to 900, and take on an additional responsibility almost as great as that required to administer the securities act. All told, it's a

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(From Edison Records of the World's Business) Before Voice Writing on the Ediphone was adopted by this department store, each Credit Department "dictator-secretary team" spent far more time writing letters than was actually needed. Secretaries were forced to sit around, idle, while dictators answered interrupting telephone calls and interviewed customers. Hours were wasted every week! And many credit letters were delayed—causing serious losses of money and good-will.

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These books give you the seven fundamental principles upon which executive success depends: 1. Know yourself and how to lead others. 2. Know your own business and business generally. 3. Know how to organize and manage your own department or an entire organization. 4. Know how to budget and forecast and plan for the future. 5. Know finances and how to make full use of your bank. 6. Know how to talk convincingly—how to sell your ideas and influence others. 7. Know how to think—how to analyze problems and arrive at correct solutions. Step by step this Library takes up these basic principles and shows how they may be mastered and applied.

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sizable job for the 36-year-old son of an American missionary.

Former Judge John J. Burns, chief counsel of the commission, leads in fireside gossip odds for the vacant place left by Kennedy.

Laundry-Tested

Textile industry invited to tie up laundrymen for mutual benefit.

THE American Institute of Laundering, testing laboratory of the Laundryworkers National Association, is about to launch an extensive campaign to publicize its "Laundry-Tested and Approved" seal (BW—May 34) which was cautiously offered to a few manufacturers 2 years ago. Indications during the test period were that retailers and consumers favor the label which practically guarantees consumer satisfaction. Eventual success, however, rests with the textile industry, which may or may not be ready for a plan of this sort.

Licenses to use the seal will be granted manufacturers of washable fabrics who will submit their products for continuous tests—20 or more a month—to assure maintained standards of quality. Tests will cover (1) quality of cloth, (2) color fastness of fabrics, trimmings, threads, and buttons, (3) shrinkage within satisfactory tolerance, (4) launderability. Even advertising copy on the fabrics will be censored.

Publicity is being left largely to the 2,500 members of the L.N.A. Each is charged with the duty of calling on at least 3 retailers who handle washables, to explain the plan, ask them to consider "Laundry-Tested" merchandise when buying, casually remind them of possible reduction in number of adjustments because of sub-standard garments and fabrics. That's where the laundrymen will benefit by the tested merchandise.

Routemen Enlisted

Housewives will be contacted by the 25,000 routemen who call semi-weekly at 20% of all homes. Laundry routemen, like milkmen and icemen, do get audiences at will, reiterating the message. Millions of inserts will be stuffed into bundles. Laundry customers thus contacted represent a large percentage of the middle and high income groups.

Already over \$100,000 has been spent in advertising the seal by the few concerns who have used the testing service during the trial period. They are Robert McBratney & Co., linen importers; Turner Halsey & Co., converters of goods used for the manufacture of slacks; Fuller Fabrics, cotton print goods; Pequot Mills, sheets, etc. Further cooperation will be sought not only from converters, but also from thread and trimming manufacturers, pattern companies, sewing-machine makers.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

THE stock "organizer" supplied by Gerber Products Co. to retail grocers for convenient horizontal stocking of small (4½ oz.) cans of cereals and vegetables improves display, keeps items separated, facilitates in-and-out handling of cans and saves shelfroom.

B. F. GOODRICH Co. now furnishes rubber bands not only in assorted colors, but in a new "Easy Pickin'" package



which has a cellophane window and automatically feeds bands to a dispensing shelf where they may be picked up as needed, but can't be spilled when the carton is upset.

NORBO is a new plastic mending compound made by the Premier Chemical Corp. with a 100% Bakelite resinoid base. Used like putty, it is represented to be, when dry, tougher than wood, impervious to acids, alkalis, water and grease, easily sawed, carved, or nailed into. It may be used for repairing furniture, woodwork, or for replacing wood.

IRVING decking made by Irving Iron Works Co. for use on bridges provides an open steel-grid roadway which is advertised as self-cleaning, easy on tires. The manufacturer points out that it should reduce the danger from snow, ice, sleet, grease, or water by preventing their accumulation, reduce side-skidding of cars, cut down noise.

IDEAL TEL TEMP is advertised by the Ideal Commutator Dresser Co. for the quick and accurate measuring of the temperature of motors, generators, and other revolving apparatus. It is fastened with pins to the machine to be tested and is sealed by rubber rings to produce accurate readings.

THE new Thermo-roller, now offered by the Electric Roller Corp., has an electric element for heating a corrugated rubber roller designed for massage and to stimulate circulation. A thermostat prevents overheating.

WHAT DOES A CHORUS GIRL KNOW ABOUT CONCRETE?



MAYBE the "Folies Bergeres" girls at New York's famous French Casino don't know it—but 'Incor' 24-Hour Cement got them their jobs 12 days sooner. Balconies (above) had to be remodeled, to convert Earl Carroll Theatre into a "Continental Music Hall." The quicker a job is completed, the sooner the revenue begins—so the contractor used 'Incor', which hardens 5 times as fast as ordinary Portland cement.

'Incor' makes concrete a ready-to-use material—saves the time and money consumed while ordinary cement hardens. Driveways, sidewalks and floors, concreted today, are in use tomorrow. In building construction, concrete forms used one day are re-used the next—form costs reduced 60% to 70%. And by curing thoroughly in a fraction of the usual time, 'Incor' makes stronger, denser, more watertight concrete for foundations and all exposed structures. Made and sold by producers of Lone Star Cement, subsidiaries of International Cement Corporation, New York; also sold by other leading cement manufacturers.

* Reg. U. S. Pat. Off.

'INCOR' 24-Hour Cement

What Each State Gets Out of the \$4 Billions (Split-up of Work-Relief Funds and Projects to Date)

State	1 Approx. Quota of \$4 Billions (millions)	2 Allotment of Federal Funds to Date (millions)	3 Federal Funds (millions)	4 State and Local Contributions (millions)	5 WPA Total (millions)	6 Number of Projects	7 Grants (thousands)	8 Loans from PWA's Revol- ving Fund (thousands)	9 PWA Total (thousands)	10 CCC (millions)	11 Roads (millions)	12 Grading Elimination (millions)	13 Federal Projects (millions)
Alabama	\$66.8	\$37.2	\$13.6	\$2.9	\$16.5	8	\$297.5	\$253.5	\$551.0	\$10.0	\$6.3	\$4.0	\$3.0
Arizona	75.2	26.8	9.8	2.9	12.7	1	47.3	46.5	93.8	11.1	3.9	1.3	9.4
Arkansas	34.3	34.3	62.0	7.4	69.4	18	347.6	424.8	772.4	32.8	11.7	7.2	2.3
California	177.4	127.1	27.1	0.9	6.2	12	26,720.6	24,629.0	51,349.6	9.6	5.1	2.2	58.9
Colorado	52.8	27.1	3.9	0.1	4.0	5	2,483.6	112.0	2,595.6	4.7	2.2	1.7	1.2
Connecticut	33.8	14.2	0.5	0.1	0.6	5	494.5	220.0	714.5	1.6	1.4	0.4	1.9
Delaware	6.0	7.0	3.0	0.1	3.1	1	214.2	73.0	287.2	0.4	1.4	0.4	1.9
Dist. of Columbia	11.8	7.1	7.4	2.0	9.4	17	377.9	325.5	703.4	6.8	3.9	2.8	10.9
Florida	47.4	32.2	13.2	2.3	15.5	11	292.2	137.5	429.7	12.9	7.6	4.9	2.7
Georgia	91.6	41.6	1.6	0.6	4.8	12	401.2	153.5	554.7	12.9	7.6	4.9	2.7
Idaho	247.7	29.5	43.3	8.2	51.5	50	5,736.3	1,769.0	7,505.3	20.1	13.2	10.3	5.9
Illinois	95.1	88.5	37.9	2.7	40.6	21	886.6	592.0	1,478.6	11.7	7.5	5.5	1.4
Indiana	61.0	30.8	4.4	1.0	5.5	26	1,763.3	91.5	1,854.8	10.0	7.6	5.2	1.4
Iowa	67.1	24.7	4.4	1.4	11.8	16	617.9	35.5	653.4	5.5	7.6	5.2	1.4
Kansas	86.7	31.7	8.5	3.0	11.8	19	1,031.6	886.5	1,918.1	12.1	5.6	3.7	0.8
Kentucky	58.8	24.5	3.3	0.3	3.6	1	270.0	190.0	460.0	10.9	4.4	3.2	2.7
Louisiana	19.7	18.9	5.2	0.4	5.6	1	602.8	190.0	792.8	3.9	2.5	1.4	10.8
Maine	39.9	22.9	4.2	0.7	4.9	7	1,084.2	190.0	1,274.2	2.7	2.1	2.1	4.5
Massachusetts	125.5	36.2	17.6	2.1	19.7	21	10,100.0	12,204.0	22,304.0	12.5	9.9	4.2	9.3
Michigan	104.1	58.3	17.2	3.1	20.7	13	394.1	21.3	415.4	21.3	8.0	5.2	2.4
Minnesota	59.9	24.4	4.8	0.8	5.6	9	181.3	175.0	356.3	12.1	5.2	3.2	2.2
Mississippi	134.2	39.8	4.8	0.8	5.6	12	1,341.3	80.0	1,421.3	15.2	9.1	6.1	3.3
Missouri	31.0	40.1	0.7	0.1	0.8	6	441.8	540.0	981.8	7.6	5.6	2.7	23.1
Montana	45.1	18.6	1.6	0.6	2.2	6	102.4	85.5	187.9	6.6	5.9	3.6	0.8
Nebraska	10.4	9.3	0.6	0.3	0.9	2	33.8	4.5	38.3	4.7	3.4	0.9	0.3
Nevada	14.5	6.7	0.6	0.3	0.9	2	4,139.1	4,554.0	8,693.1	9.3	1.4	0.8	0.6
New Hampshire	109.1	40.5	11.4	2.0	13.4	22	32,367.9	20,533.5	52,901.4	28.0	16.7	13.6	6.8
New Jersey	363.0	28.0	18.0	0.3	18.3	3	114.5	72.0	186.5	9.6	4.3	1.1	4.0
New Mexico	73.5	22.6	18.0	1.4	19.4	40	428.1	477.5	905.6	16.6	7.1	4.8	17.4
North Carolina	38.3	14.5	1.5	0.2	1.8	6	1,370.6	453.0	1,823.6	4.1	4.3	3.2	2.3
North Dakota	203.4	68.4	27.8	10.4	38.2	35	1,591.1	1,398.0	2,989.1	13.9	11.6	8.4	5.1
Ohio	109.9	35.5	9.1	0.8	9.9	10	1,195.3	240.0	1,435.3	10.6	6.9	5.0	2.2
Oklahoma	308.9	111.2	38.9	0.5	1.6	2	2,287.3	256.5	2,543.8	28.9	14.1	11.5	5.4
Oregon	44.4	30.2	1.1	1.1	45.9	18	434.6	426.0	860.6	6.3	4.5	0.7	0.2
Rhode Island	4.6	5.0	2.5	0.6	3.1	9	8.6	10.5	19.1	10.3	4.5	3.2	2.5
South Carolina	49.5	33.8	2.3	0.3	3.6	2	1,041.9	819.5	1,861.4	15.8	6.3	3.9	0.8
South Dakota	71.5	73.3	3.4	0.9	8.4	14	11,296.2	2,285.7	13,581.9	19.9	18.1	10.9	9.7
Tennessee	201.0	16.5	1.1	0.4	1.5	4	151.5	8.1	159.6	8.6	3.1	1.2	4.3
Texas	15.1	12.5	3.9	0.5	4.5	21	1,912.1	1,621.5	3,533.6	20.7	5.5	3.8	2.6
Vermont	59.1	38.4	3.9	0.6	4.5	14	644.5	429.0	1,073.5	10.6	4.6	3.1	32.6
Virginia	56.4	58.4	6.8	0.6	9.4	10	407.7	429.0	836.7	22.1	7.3	2.8	5.6
West Virginia	108.8	31.6	31.1	3.3	34.4	5	516.1	510.5	1,026.6	6.3	3.4	1.4	13.1
Wisconsin	16.4	26.9	1.4	1.0	2.4	3	581.3	510.5	1,091.8	5.3	1.4	0.5	0.8
Wyoming	1.9	2.6	1.4	1.0	2.4	1	25.5	27.5	53.0	5.0	5.0	4.0	0.03
Alaska	.....	0.8	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	32.0
Porto Rico	.....	0.03	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	265.7
Administrative Reserve	9.0	41.0	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	\$607.9
Projects not broken down by State	.....	276.2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total	\$4,000.0	\$2,450.9	\$619.3	\$79.5	\$698.8	623	\$126,719.3	\$77,613.1	\$204,332.4	\$397.0	\$300.0	\$200.0	.....

*Estimated on basis of number of employable persons on relief in each state. If President cuts the \$4 billions to \$3.5 billions as discussed this week, each state's quota will be reduced 12 1/2%.

Thurs. of Cols. 3, 7, 10, 11, 12, 13. Col. 8 also covers loans of Federal money, but these come out of old PWA funds, not from new work relief appropriation.

Relief Nest-Egg

Roosevelt expects to hold \$500 millions out of this year's work-relief program, for use in next one. Unions win when Hopkins authorizes reduction in hours.

PRESIDENT ROOSEVELT will come out of the present work-relief program with a nest-egg for the next one that may total \$500 millions. Harry Hopkins says it is too early to discuss what may happen after July 1, 1936, but the White House evidently thinks it's well to be prepared for a new program in the next fiscal year.

The President raised to the limit this week the amount that may be spent for WPA state programs. The law earmarked \$900 millions of the \$4-billion work-relief appropriation for grants (and loans) to states and cities, but provided that this or any other item might be raised to the extent of 20% of the total appropriation, which means \$800 millions.

Where the Money Goes

The President's order makes available for direct distribution among the states \$1.7 billions. This classification includes both WPA and PWA projects. The President has approved grants for PWA projects amounting to \$126,719,259 and has indicated that Administrator Ickes will be allowed to spend \$200 millions more, or a total of \$326,719,259.

This throws to Mr. Hopkins the difference between the PWA total and \$1.7 billions, or \$1,373,280,741, plus so much as the President chooses to spend out of \$300 millions separately earmarked by the law for aid to "educational, professional, and clerical persons."

Allowing the maximum for PWA and WPA grants, allotments from the \$4 billion work-relief fund to Sept. 23 totaled approximately \$3.5 billions, as follows:

WPA	\$1,373,280,741
PWA	326,719,259
PWA housing	100,000,000
Highways and grade-crossings	500,000,000
CCC	597,000,000
Federal projects	575,323,000
Administrative expenses	31,958,137
	\$3,504,281,137

This federal expenditure may be supplemented by approximately \$500 millions through local contributions to WPA's state programs and through loans to supplement PWA's 45% grants of the cost of non-federal projects.

In order to use his leeway of \$800 millions in the \$4-billion work-relief program, the President slashed funds earmarked by the law for other pur-



This vast arch is all that is standing today of the beautiful edifice of Chosroes I at Ctesiphon.

Nothing in this World is Permanent

THE MOMENT a work is completed, it begins to deteriorate. All we can do is stay wear and tear and the hand of time as long as possible.

We, as manufacturers of the Otis Elevator, have a genuine interest in prolonging elevator life. And we have perfected our Maintenance Service to the point where we can keep an installation new (so far as service is concerned) for years.

If you have an Otis Elevator, you have one of the finest pieces of machinery that money can buy. You have a machine that will last indefinitely if properly maintained. And Otis Maintenance is the logical means to achieve that result. Otis Maintenance has been developed along with the Otis Elevator—it is as dependable as an Otis Elevator. And Otis Maintenance is as varied as the different types and sizes of Otis Elevators in service today and the different buildings they serve. We recommend Otis Elevator Maintenance to you—we suggest that you give it a trial. It is available at an economical, flat monthly rate.

OTIS ELEVATOR COMPANY

poses. Highway construction and grade-crossing elimination sank from \$800 millions to \$500 millions. Housing drops from \$450 millions to \$100 millions, unless the President still has some sort of subsidy up his sleeve, independent of PWA's low-rent apartments.

Mr. Roosevelt has indicated that the Resettlement Administration and the Rural Electrification Administration likewise will be trimmed.

Tugwell Plans Shrink

An early order allocated \$91 millions for Tugwell's Resettlement Administration, but actual allotments, so far as can be ascertained, amount to \$7 millions for rural rehabilitation, \$2 millions for farm debt readjustments, and \$22 millions for land retirement.

Hopkins hinted a few days ago that "there may be some money left," and this approximate check-up discloses that the "surplus" may be \$500 millions after providing 9 months' employment to 3,500,000 men.

Regardless of the conditions of employment on WPA jobs, the type of work, and the amount of wages actually paid, union labor has succeeded in protecting its wage scales to some extent. When projected, the compromise reached by the building trades unions of the A. F. of L. with Administrator Hopkins is further evidence that organized labor will not contribute to any reduction in building costs that might help in reviving private construction.

While Hopkins has stuck stubbornly to his schedule of "security" wages, which reach a peak of \$55 a month for common labor, \$65 for intermediate work, \$85 for skilled work, and \$94 for technical and professional work, he consented to rescind his order of Aug. 8, which established a uniform minimum of 120 hours a month.

His state administrators have been authorized to fix such minimum hours as local conditions warrant. The effect of such latitude is to bring hourly rates on WPA jobs more nearly in line with prevailing rates, for which the building trades workers have fought despite all the coaxing of President Roosevelt and Administrator Hopkins.

Food Conference

New attempt at joint action in food and grocery industries seeks success where code failed.

IMPORTANT branches of the food industries have just launched another attempt at coordination, by the organization last week of the Food and Grocery Conference Committee. Leaders are hopeful that this will bring to fruition hopes that were blighted when their NRA code came through the hands of the government officials with only a

few of the cooperative provisions for which the industry had been struggling. The conference committee is expected to be useful in consolidating such gains as were made during the brief period the food code was effective and to provide the nucleus for concerted action in the future.

Rival Groups Represented

Paul Willis, president of the Associated Grocery Manufacturers of America, is acting as chairman of the committee. The wholesale grocers are depending on M. L. Toulme, director of the National-American Wholesale Grocers' Association, to represent them, and C. E. Smith, vice-president of the National Association of Retail Grocers, is looking after the interests of the independent retailers. Chain distributors have joined in the effort, with F. H. Massmann acting for the Food and Grocery Chain Stores of America, and J. Frank Grimes, militant president of the Independent Grocers Alliance, carrying the banner of the Voluntary Groups Institute.

Those who know the complexities of the present system of food distribution believe that the new conference committee has a big opportunity to work toward simplifying and cheapening the cost of food distribution. They add that the most difficult part of the job will be to get concerted action by all interested parties and doubt whether the most disturbing elements can be brought to terms without the aid of a governmental agency that can wield the big stick.



FROZEN FUTURES—The old New York Produce Exchange inaugurated trading last week in one of the newer commodities, eggs in frozen form. Futures contracts are limited to whole mixed eggs, but spot trading is in whole mixed, yolks separately, or whites separately. Robert W. Capps, upper left, president of the Exchange, opened the new ring.

Macy's Reaches Out

Issues mail-order catalogue that emphasizes high-profit items, all with private brands.

WITH a mail-order catalogue of more than 100 pages and a new mail and telephone selling-service, R. H. Macy & Co., New York department store, started this week to broaden its bid for business volume.

The catalogue, which is of phone-book size, lists over 2,000 items. Several hundred are illustrated—many in color. All are alluringly described and bear Macy's private brand or label. This is in accord with the Macy policy of selling fast-moving items and high-profit specialties under its own name, instead of boosting nationally advertised brands.

Instead of waiting until a customer phones an order, Macy's will call her. It urges customers to request the we-call-you service. Customers who do so will be called as often as they wish, always at the same hour, by the same employee.

Other retailers, particularly neighborhood drug, grocery, and liquor stores in the New York area, are expected to lose some business to Macy's. The long-profit line of cosmetics, drugs, and toilet goods takes up one-third of the catalogue. The groceries include fine and fancy items, domestic and imported—mostly those that give the independent grocer a profit. But the fast-moving, no-profit items, such as sugar and breakfast foods, which other grocers have to carry

and sell at or near cost, aren't included or are played down.

In true mail-order fashion, the last few pages give information about shipping and shipping rates, and carry a supply of order-blanks.

Department stores in other cities will copy the plan if it succeeds, and manufacturers of nationally advertised brands are wondering how much business the Macy private-brand catalogue campaign will take away from them, and whether the same scheme will be tried by other stores.

New England Invites

Advertising campaigns are designed to swell New England roll of industries and visitors.

Of the 238 manufacturers in the old-established machine tool industry who exhibited at that industry's recent national show in Cleveland, 47, or close to 20%, have their plants in New England.

Of the country's industrial wage-earners in 1929, 12.7% were employed in 18 "new industries" developed in the last 50 years. But in New England in that year, only 6.7% of the industrial wage earners were so employed.

Both of these statistical items appear in the New England Council's September *News Letter*, the first as a boast, the second as a call to arms. "New England," says the *News Letter*, "has less than its share of the new industries' production."

Cold statistical facts like this have been heating up New England minds and New England Council debates for some time. Now they are producing action.

The Northeastern states have just begun a unique advertising campaign to broadcast to American business the advantages they offer to new industries and to new plants in old ones. Full pages of magazine advertising will be devoted to this highly urgent job by widely known New England manufacturers who are members of the New England Council. Some will be signed by the Council, some jointly by the council and the manufacturer. The campaign will be tied in with the promotion activities of New England Council headquarters under the direction of President Winthrop L. Carter and Executive Vice-President Dudley Harmon.

Incidentally, the start of this campaign is accompanied by the first release of a series of newspaper advertisements financed by funds made available by the 6 New England governors to extol attractions of New England to tourists. "New England for work or play," says the Northeast.

New! VALUABLE MARKET DATA



This new booklet, fresh from the printer, contains up-to-the-minute market data on "The Importance of the Electrical Contractor in Selling the Industrial Market." The information it contains will be of great interest to all manufacturers of electrical products marketable in the industrial field.

This is a genuine market data book—not just another sales promotion piece. Send for your copy today.

ELECTRICAL CONTRACTING
330 West 42nd St., New York, N. Y.

Dept. 10

Please send me, without obligation, "The Importance of the Electrical Contractor in Selling the Industrial Market."

Name.....Company.....

Address.....

Canada's Campaign Issues

Bennett and Stevens stand for new deals; Mackenzie King for a reduction of tariffs and a "return to democratic government." Canadians are finding it difficult to make a choice.

OTTAWA (Special Correspondence)—Canada is in a state of suspense. One of the most important general elections in the history of the Dominion is only 2 weeks away (Oct. 14), but there is no evidence yet that any of the 4 major parties in the field can poll a majority.

Important issues are at stake. Two leaders stand for a new deal for Canada—and both of them demand radical changes. Richard Bedford Bennett, present Conservative Prime Minister, is running for reelection on a platform of new deal accomplishments rushed through the legislature this spring and on the promise of further reforms, all carefully outlined for the thoughtful voter.

Henry Herbert Stevens, Conservative

rebel who headed Bennett's bold investigation in Canadian business practices and who had the temerity to speak his thoughts on what he had uncovered before his party leader wanted them revealed, is campaigning on a super-new-deal platform which importantly adds drastic credit reform to a program otherwise not a great deal different than the Bennett platform. In face of the recent move in Alberta placing a Social Credit government in power, and in view of the widespread Canadian interest in this experiment, the plank may win Stevens a broader following than seems likely now in such financial centers as Montreal and Toronto.

In contrast to these two new deal platforms, the Liberals, headed by Wil-

liam Lyon Mackenzie King, are fighting for a return to "normal" conditions. They offer no new program, but promise to battle new deal innovations, to question the constitutionality of the radical new legislation passed this spring. They are the real "conservatives" in the election.

On the outer fringe is the Cooperative Commonwealth Federation, headed by the veteran leader, James Shaver Woodsworth. It represents the farm vote of the prairie regions, has no hope of getting a majority in the forthcoming election, but does hope to win a balancing voice in the new legislature.

Urge Social Credit

Also on the Left Wing are the Social Creditors from Alberta, who promise to elect a group of 20 or more to support their cause in the national legislature.

From present indications, the country seems to favor a new deal of some kind. The campaign opened a few weeks ago with odds heavily for Mackenzie King and the Liberals because of the hard-times anti-government feeling, but King seems to have lost ground by campaigning on old issues—democratic

Canada's Political Economics

Issues at Stake in October 14 Election

Bennett (Conservative)	King (Liberal)	Stevens (Reconstruction)	Woodsworth (C.C.F.-Socialist)
Unemployment			
Compulsory retirement of workers at fixed age on pension; public works; tariff protection for home industry; technical education for youth.	National commission to direct relief; freer trade by lower tariffs.	Extensive public works; freer credit for industry and construction.	Unemployment relief on living scale; public works.
Finance and Credit			
Maintenance of Central Bank under private ownership; controlled inflation; National Loan Council to consolidate federal, provincial, municipal debt; conversion all internal public debt; compulsory adjustment private mortgage debt; more direct taxes.	State ownership of Central Bank; Central Bank to determine currency supply; inquiry into federal, provincial, municipal government costs; lower taxation.	State ownership of Central Bank; compel banks to expand credit.	State ownership of Central Bank; socialize chartered banks and other private institutions.
Business Regulation			
Endorse New Deal measures already passed; get constitutional authority for more.	Question constitutionality of measures passed; oppose regimentation; abolish price control.	Demand credit for starting reform; more regulation.	Socialization of industry.
Agriculture			
Endorse measures already passed (debt adjustment, marketing act, National Grain Board with minimum wheat price); minimum price for other products; modernize transportation.	Freer trade by lower tariffs; cheaper implements by lower tariffs; oppose compulsory features of marketing act.	Wider markets; protection against exploitation by packers, middlemen.	Minimum income for farmers.
Transportation—Railway Policy			
Inquiry by Economic Council into whole transportation question, including highway and prospective airway competition with railways; if council recommends railway amalgamation, would submit to people.	Opposed to amalgamation.	Opposed to amalgamation.	Socialism.
Trade and Tariff Policy			
Maintenance of protection by tariffs; maintenance of Empire pacts; reciprocity offer to U.S.; retaliatory action against Japan.	Lower tariffs; modification of Empire pacts; seek trade treaties. Oppose Bennett attitude to Japan.	Lower tariffs on production implements; assist export and internal trade.	Produce for internal needs.

'EASY MONEY' SCHEMES



Today, tomorrow, every day—some employer will unknowingly finance the get-rich-quick scheme of a desperate employee. Someone on the payroll, probably long trusted, will dip into company funds for "easy money" to relieve an urgent personal crisis—or merely find a sudden temptation irresistible. It happens every day!

Case records of thousands of the "easy money" schemes that work financial hardships on employers disclose an appalling percentage of totally unprotected, or only partly covered, losses. In nearly every case, a trifling fraction of the amount defaulted would have paid for the complete protection of an adequate Fidelity Bond.

No genius has yet contrived infallible means for measuring human resistance to temptation or greed. Should your business be taken by surprise in a costly embezzlement, your loss will be paid in full if you anticipate this hazard with adequate Fidelity Bond protection.

There are National Surety representatives everywhere. Each is a specialist in Fidelity, Surety, Forgery and Burglary protection, thoroughly equipped to serve you.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, PRESIDENT

liberty and lower tariffs. He has scorned the "plans" and curatives which his more energetic opponents advocate.

Bennett, on the other hand, has recovered prestige by exploiting measures he has passed, and by making definite new reform proposals, while Stevens has been steadily gaining ground by attacking bankers and industrialists, promising, without definite proposals, a bigger new deal than Bennett would give.

Bennett Shows Strength

Bennett's personality and methods of leadership are strong factors. If he wins, they will have been the deciding ones. Until he opened his campaign, they counted heavily against him, his dominating, dictatorial, one-man-government course in office having been unpopular. Leading Liberals pointed openly to him as "the issue." In his campaign, these qualities have had the reverse effect, making him appear the strong man. Only his forcefulness, employed in exploiting his program, gives his government a chance for reelection. He casts himself effectively in the role of strong and purposeful but safe leader standing between the lack of a reform program on the part of the Liberals and blind radicalism on the part of Stevens and the Socialists.

No one party finds full favor in the eyes of Canadian business. "Big Business" (finance, industry, "St. James Street") naturally approves Mackenzie King's coolness toward new deal formulas and regards Bennett as a traitor to the old alliance between the Conservative party and itself. Stevens is its avowed enemy. But King runs contrary to its interests in proposing nationalization of the Central Bank, lower tariffs and maintenance of the Canadian National Railway under public ownership. Bennett's adherence to private ownership of the Central Bank and to adequate tariff protection, and his provision for a survey of the railway question which might lead to consideration of railway amalgamation, appeal to it. Smaller business and sectional business interests, such as fishing, regard Stevens as their champion.

Rivalry on Issues

Each party is seeking to establish the election issues according to its own program. According to Bennett, they are economic and social reform under specified plans. King would make the principal issues Liberal adherence in principle to modest social and economic reform as against Bennett's definite formulas, and parliamentary democracy as against Bennett's dictatorial tendencies.

A clear victory by King and the Liberals would make any alliance of parties in the new parliament unnecessary, and would end the growing movement for a national government in the Dominion. Should no party return with a majority,

but should the Bennett and Stevens forces together have a majority, they might find it possible to compose their differences and unite to form a government. In such a combination, if the Stevens party predominated, Bennett's retirement would be a possibility.

Just now anything is a possibility.

More Japan Business

Japanese merchants arrive in the United States with a portable trade show, and an invitation for a return visit to Japan.

ALWAYS eager to promote the advent of the "Pacific Era," Seattle, San Francisco, and Los Angeles extended a warm welcome this week to Yaroku Katayama and party of Japanese merchants from Osaka who brought with them a portable trade show which will tour principal cities of the United States to stimulate interest in Nipponese goods.

Important function is to invite American manufacturers to exhibit products without charge in the famous Osaka Commercial Museum and 40 other cen-

ters throughout Japan during March and April next year. Only cost to exhibitors is that of getting samples to Japan where the government will waive all usual customs charges. Transportation and all other expenses involved in exhibiting in Japan will be paid by the Japanese government through the Japan-American Trade Association. American headquarters, where arrangements are being made with domestic manufacturers, is 549 Market Street, San Francisco.

Current tour of the Osaka gentlemen is looked upon as first of a series of visits from Japanese business interests in a vigorous campaign to increase sales of Nipponese goods here. This is a logical result of the fact that, in 1934, Japan had a \$92-million unfavorable balance of trade with us.

Curiously enough, with all the hullabaloo about Japanese "dumping" in our markets, our imports from Japan last year amounted to \$119 millions, a decline of \$9 millions from the year before. Exports to Japan increased from \$143 millions in 1933 to \$210 millions last year. We are selling to Japan nearly twice as much as we buy.

Japan Regulates Exports

Threatened loss of Philippine market causes Tokyo to curb textile exports. Japan's NRA continues to operate vigorously—and beneficially.

JAPAN and the United States are not going to have a trade war in the Philippines—at least for the present.

For more than 2 years, Japanese textiles have been supplanting American goods in the Philippine markets. Pressed by the textile manufacturers, Washington protested to Japan, and, when that did no good, threatened to force a tariff increase in the Philippines, which would not affect American imports but would seriously interfere with Japan's lucrative business.

An NRA that Works

Tokyo called a conference of manufacturers and exporters, explained the situation. The result has just been announced. Japan will ship no larger volume of cotton cloth to the Philippines this year than last, may even reduce exports. No mention is made of the similar protest over Japanese shipments to the United States market, but Washington officials believe that some similar agreement may be reached here also. Japan has in the past reduced shipments to this country of cotton rugs, lead pencils, electric light bulbs, tuna fish, and other items.

The gentleman's agreement which has just been completed is possible be-

cause of the rigid control over exports which Japan has been developing in the last three years (*BW*—Aug 18 '34). A large part of the country's export trade is in the hands of medium and small-scale exporters who, of all traders, are least amenable to any sort of control. When Japan began to run into increasingly numerous barriers in foreign markets, the government decided to enforce an old export law which had been on the books since 1925. It virtually set up its own NRA, using the 67 export associations which had developed as the bodies through which this law could be applied. When uncurbed competition threatened to flood foreign markets and bring a wave of tariff increases or out-and-out quotas against Japanese imports, the government took a hand in the situation. Exports were regulated to a point where they would bring no retaliatory action abroad. At the same time, the government fostered constructive exploitation of new markets, or of markets where Japan needs to sell much more to balance a large excess of imports.

The plan has worked effectively. At present, 18 export associations in Japan are carrying on some form of control.

It was the Japanese Association of Textile Exporters which handled the situation in the Philippines. The Export Cotton Yarn and Cloth Traders' Association are already reducing their cloth shipments to the United States in the hope that they will avoid discriminating tariff increases.

"Made in Russia"

Soviets provide machines for Turkish and Iranian textile industries. Trade relations with Asiatic neighbors are pushed.

Moscow (*Cable*)—With industrialization at home well in hand—though far from completed—Russia is beginning to help neighboring countries build up their industries. New projects in 2 countries emphasize this development.

The first one concerns Turkey. Several years ago, Moscow made an agreement with Turkish officials to build and equip a large textile plant for the Turks, the Soviets providing the credits necessary to put the deal across. The first mill is now ready and Russia is sending a group of skilled women textile operators to instruct the Turkish women who were selected to work in the mill.

The second development concerns Iran (Persia), and is of even greater significance. Officials of the 2 governments have signed a new trade agreement under which the Soviet Union will purchase from Iran a greater volume of hides, wool, and cotton, and in turn will provide Persians with greater quantities of cloth, ferrous metals, sugar, matches, machinery, and technical equipment.

Soviets Export Machinery

Simultaneously, another agreement was signed with Iran. Under this pact, the Soviets will help Iran build up a textile industry, much as Turkey has been helped. The plan embraces "other factories of importance for the economic development of the country," though what they will be is not specifically mentioned.

Lagging only a few days after these agreements with Iran was a third, a convention covering inter-country railroad traffic, and a contract for technical aid from the Soviets in the deepening of Iran's Caspian ports. Official Soviet newspapers point to this as an indication of the further trade relations which can be expected to develop rapidly between the two countries.

Russia's economic penetration is not limited to the Near East. Almost all of Outer Mongolia's exports are sold to Russia, and lively trade with Sinkiang (China's "westernmost province") merchants is being developed through fairs in Soviet border towns where wool and livestock brought from Sinkiang are exchanged for Soviet manufactures.

Business Abroad

Immediate war fears are allayed in Europe. France discovers the flivver airplane; Germany revives export hopes; Japan helps China grow cotton; Russia pushes new developments in the Arctic; Canada votes Oct. 14.

WAR tensions have eased this week, though they still dominate business. Paris and London appear to be in closer accord; Rome is less truculent; trouble—at least in the immediate future—is likely to be confined to East Africa, or possibly to the Mediterranean. War buying continues. Frightened investment funds

continue to flow to Wall Street, though in smaller volume than a week ago. Biggest booms, following the war years, have come in New York and Tokyo. Isolated Berlin feels little influence from the outside.

France

Paris has a reason for being friendly with Mussolini; thinks it has discovered the flivver plane.

PARIS (Wireless)—Except for the announcement of the 1935 budget estimate, the week has been uneventful as far as business is concerned. Steel is slightly more active; textiles are a little more sluggish, except silk which is booming. Lyons, the silk center, has, however, not lost its head with this first spark of profitable activity in several years and has decided to maintain prices as far as possible so that the Paris dressmakers will utilize silk to the fullest extent in the new styles.

The budget estimate for 1936 comes

to 40 billions francs. This compares with 47 billions last year, and 51 billions the year before, and indicates Laval's determination to reduce costs.

The tenseness in the Mediterranean continues to occupy a great deal of attention in France. The French are divided in their reactions to the policy of friendship which Premier Laval has pursued in relation to Mussolini, even after the British took such a firm stand against the African adventure. Those on the inside know, however, that it is due, above all other reasons, to the fact that France, since signing the treaty of amity with Rome, has withdrawn large numbers of troops from the Franco-Italian border and used them to reinforce their eastern frontier on the German line. Italy at the same time has been able to withdraw her troops for use in the colonial expedition in Africa. Important material interests in both countries have been served and France, now, is almost as reluctant as Italy to sever the friendship which made this possible.

Popular interest has been caught by "le pou du ciel," a new flivver airplane

which the French have christened the "sky louse." The inventor, a mechanic in a Paris machine shop, has only recently perfected his model, but he crossed the Channel in it successfully in 35 minutes and has stirred up a great deal of attention in both Britain and France. The model is not yet in production, and it is not yet known at what price it can be sold, but it seems possible that France has stumbled onto a cheap plane which it may be possible for even the man in the street to own.

Ford has just brought out in his Ford-Mathis plant in France the first French-made V8, which he is offering on the market here at 4,500 francs (about \$300), less than the price for the American-made car. That, you will remember, was only assembled in France. Price of the French model is comparatively low, but there is still a certain prejudice in Paris over buying a car made in France, unpatriotic as that may seem. This is explainable when it is recalled that the American cars have stood up remarkably well here, convincing the public that raw material and manufacture in the United States have been superior. This prejudice may fade when the first batch of French-made cars have been tried out and prove that they are as good as the entirely imported article.

Great Britain

Markets are unsettled by war fears. London struggles to steady the pound; anticipates no early stabilization. Investors show wide interest in Wall Street prospects.

LONDON (Cable)—War fears have caused markets to fluctuate widely, and have retarded stock market business, but the undertone is still hopeful. Chancellor Chamberlain's straight warning that more vigorous rearming is needed makes sanctions a reality and implies that there will be heavy budget expenditures unless he is persuaded to favor the much canvassed defence loan which the City would welcome as an alternative to higher income taxes. In the meantime, iron, steel, aircraft, and other industries tied into military program are working at top speed. United Steel Companies, Hatry's famous merger, has increased its profits by £150,000 to June 30, raised its dividend by 2½% to 7%, and reported that there is a continuing heavy demand for its products.

The Exchange Equalization Fund is working hard to keep the pound up in the face of the usual autumn drain, the exit of foreign funds due to war fears, and extra war purchases. Morgenthau's hope of stabilization is regarded as vain pending a full settlement of the Ethiopian dispute and the Memel question. There are strong expectations of a franc-guilder crisis shortly—probably when Laval meets with the Chamber on the new budget and ratification of the recent deflation decrees.

Sanctions have seriously split the Socialists, but the government is believed



"SOLIDARITY . . . FIXES OUR DUTY"—Pierre Laval, speaking for France at Geneva, pledged his country to support "obligations inscribed in the Covenant"; but later, from Paris, asked London's pledge (in writing) for support in any Continental attack before going all the way with Britain in coercing Italy.

Wide World

now to be anxious to postpone elections until the autumn of 1936 to enable a war budget to be passed by a Tory majority. Recent mishandling of foreign affairs has seriously harmed the prestige of the government despite the gallant determination of all parties to back it in any crisis.

Milk distributors have threatened to refuse to work under the milk marketing scheme and the government is ready to take over distribution temporarily. There is growing talk in London of permanent nationalization. This incident narrows the gulf between the Labor party and the Tory planners, of whom Walter Elliott, Minister of Agriculture, is the natural leader, and foreshadows complete party reorganization by 1940.

The revival of interest in Wall Street, caused partly by the new boom there and partly by growing fears of the stability of European enterprises, is evidenced in many ways. The *Investors' Chronicle* features on its first page a special advertisement from the Moody-Economist Services announcing a special service of information on American securities; American brokers in London are circulating new selective lists; and the financial pages of most of the leading newspapers are devoting more and more space to "tips." London agents of American brokerage houses are handicapped. They could draw large business by advertising, but if they do they offend the English brokers, whose committee prohibits advertisement.

Big Demand for Radio Sets

An unprecedented demand for radio sets has compelled a Manchester firm of manufacturers to secure special permission to introduce overtime working. The Home Secretary has given permission for women and girls to be employed on 2 shifts a day at Messrs. Ferranti's new factory at Moston, Manchester. The factory is exclusively engaged on the manufacture of radio sets, and the pressure has been caused by the rush of orders at the recent Radio Exhibition at Olympia.

The output of tools in Sheffield this year is said by *Trade and Engineering* to be far the largest in the history of the city, easily beating 1929 and pre-war records. The improvement in demand is more conspicuous in the home than in export markets.

Germany

Exports revive under Schacht program. Drive for synthetic gasoline progresses, but share of annual needs is small.

BERLIN (Cable)—Despite its isolation, the German Bourse, following closely the week's European news, shifted from dark pessimism to questionable optimism.

Though in the event of economic sanctions Germany is likely to take advantage of the situation to increase its supplies to Italy, especially of coal, steel, and chemicals, Berlin is quite aware that exports are necessarily limited by Italy's ability to pay in merchandise under the clearing

agreement and the scarcity of other war materials in Germany.

The public cheered up noticeably when the August export surplus was announced. It cuts the trade deficit for the first 8 months of the year to about one-third the figure for last year and rouses the hope that, after all, Dr. Schacht's rigorous program to boost exports may be working. It cannot be denied that the drastic curtailment of imports has had the largest effect in bringing about the reduction in the trade deficit, but the point is stressed that exports in August are at the highest level for the year and are a full 10% above the total for the same month last summer.

Drive for Synthetic Gasoline

The Ruhr coal mines are to contribute their share toward Germany's drive for self-sufficiency in motor fuel. The bulk of this new industry is to be based on lignite, in which middle Germany (around Leipzig) possesses such rich deposits. The Braunkohlen-Benzin A.G., formed last year, is building 2 plants for the production of synthetic gasoline which will be ready for operation sometime in 1936. Their estimated annual output is 200,000 tons of gasoline. Capital of the new company was subscribed, on a compulsory basis, by all the lignite companies (*Bil*—Nov 10 '34).

The contribution of the bituminous coal industry of the Ruhr will be more modest, with a maximum annual output of 100,000 tons. Definite plans have been completed for the construction of 3 plants, by the state-owned mines, by the Ruhrchemie A.G., a concern owned co-operatively by 80% of all private mine operators and, finally, by the Klockner Werke A.G. as an "outsider" in Germany's coal-by-product industry.

The capacity of each of these 3 plants is to be 25,000 tons a year, to be raised eventually to 30,000 tons. The cost of these plants averages 30 million marks. No formal law for the formation of a compulsory company (or companies) has been issued in this case but the plans have no doubt been adopted under strong official pressure. This is evidenced by the fact that the companies concerned do not expect that the new plants will become a profitable proposition, in spite of the fact that, as they significantly state, "relatively high prices" have been guaranteed by the government for their future output.

Coal Industry Pays the Bill

Heavy as the financial sacrifices of the German coal industry are, the realization of all these plans will only result in replacing a fraction of Germany's present imports of foreign motor fuel. The "Ruhr gasoline," even when output will reach the planned maximum of 100,000 tons, will replace only about 10% of imported gasoline. Together with the proposed production of gasoline on lignite basis, the synthetic gasoline output will in about 2 years correspond to only one-third of Germany's present consumption. Considering, however, the rapid increase of consumption as a result of Hitler's motorization drive, skeptics suggest that the synthetic product will, at best, take care of the increase in Germany's consumption that is bound to take place.



ARCTIC WHEAT—Prof. N. I. Vavilov has proved in his Leningrad laboratory that by artificially beginning germination of wheat seeds and then keeping them for a time in cold storage, more than a month can be gained in their ripening. Russia expects to feed a large number of new industrial centers in the far north with crops matured scientifically in the short Arctic summers.

Soviet Union

Soviets develop Arctic sea route to the Far East—reducing dependence on Trans-Siberian Railroad and on Suez. Russian ships begin to carry cargoes in world trade.

MOSCOW (Cable)—A northern sea route is now open for normal traffic between Europe and the Orient: this is the boast of Soviet authorities this week. For the first time in history, four ordinary freighters, carrying commercial cargoes, made the complete voyage along the coasts of Europe and Asia through polar seas in one season.

Determined to find adequate means of transporting the natural resources of northernmost Siberia and simultaneously to establish the shortest route between Europe and the Far East via the Arctic, the Soviet government has placed unlimited resources at the disposal of its Northern Sea Route Administration. Scientific stations, radio and weather bureaus have been established at 47 different points on the Arctic coast.

While the newly opened route already makes it possible to cruise the Arctic during the 2 months' mid-summer period, Russians are now busily engaged in building stronger icebreakers to be stationed along the northern coast for the purpose of extending the navigation period. Simultaneously, a search is continuing for the path of the Gulf Stream which, according to some scientists, flows somewhere near the pole and

holds forth the promise of a possible year-round ice-free northern sea route. With 40,500 standards of the finest Siberian pine shipped to England from the newly-developed Arctic port of Arkhangelsk this summer, the Kremlin expects ultimately to develop freight operations via the Arctic route on a scale that will appreciably lighten the task of the overburdened Trans-Siberian Railway, and make more readily available North Siberian coal, oil, gold, and other resources for European Russia.

The Soviet merchant marine is developing and is beginning to play a part in international shipping. The considerable increase in tonnage of the Soviet fleet during the last few years has made it possible to transport a rapidly increasing portion of the country's exports in Soviet bottoms. Furthermore, since these vessels frequently return without cargoes for the U. S. S. R., they are used by foreign shippers to carry cargoes to other ports en route. As much as Soviet imports have been greatly reduced of late (due to greatly expanded domestic production of items formerly imported), and since many of the imports enter the country by rail from Europe, the number of Soviet vessels available for transportation of foreign goods has appreciably increased.

Foreign Cargoes for Soviet Boats
For the period January to August, 1935, Soviet freighters carried about 100,000 tons of foreign freight. Chief cargo has been coal, transported from England and continental ports to ports in the Mediterranean. It is pointed out that this increase in foreign freight loadings of the Soviet merchant marine has taken place in spite of the general decrease in marine freight transportation

even though Soviet rates are not lower than the prevailing rates.

Though gradually building up her own trade fleet, largely by purchasing oil tankers, refrigerators, and lumber freighters abroad, Russia in the first 6 months of this year chartered 1,273 boats to transport 4.4 million tons of lumber, oil, coal, and ores.

Far East

Japan takes over control of North China cotton business, aids growers and encourages planting. Australia is again big market for American automobiles.

JAPAN's industrial penetration of North China is progressing along the lines anticipated by *Business Week* (BW—Aug 10/35). This report appeared recently in *Shun Pao*, a Tientsin daily:

"Following an investigation of conditions of the cotton industry in North China by Japanese textile experts in the last few weeks, the Japanese textile industrialists have decided to buy out the shares of the Chinese cotton mills in North China in order to extend their control over all mills in the region."

Japanese stimulation of cotton growing is not confined to the North China area. Working from the major cotton market in Shanghai, Japanese mill owners are staging a vigorous campaign among the Chinese growers and brokers to improve the quality of their product and standardize the grading.

China's cotton crop, from current reports, is going to be smaller this year, but the quality is thought to be better

than usual. Cotton has become a crop of more than normal importance in 12 provinces in China. Despite the large domestic consumption, China probably will supply a considerable volume for export within the next dozen years.

Textiles formed the center of interest in Japan during the week. Silk prices continue to rise as prospects for a much smaller than usual fall production, and better demand abroad, combine to stimulate buying.

Recent reports that the Yokohama Specie Bank will establish branches in Central America are supplemented now by the announcement from Tokyo that the government will send a special trade mission to the Central American countries in an effort to increase trade with Japan. Nippon's sales to this part of the world have increased nearly 300% in the last year. Biggest gains were in Mexico, Cuba, and Salvador, though in almost all of these markets there have been drastically smaller sales this year because of new barriers.

Australia is again a major market for American automobiles. During the worst of the depression years, sales from this country dropped so low they were outnumbered by orders placed in Britain. During the 10 months ending Apr. 30, the United States again moved to first place as a supplier of automobiles and parts. Canadian imports, third after Britain, are largely cars produced in the branches of American companies.

Canada

Campaign issues and promises (page 30) hold all attention. "Eat more fish" drive is started. Construction booms; also mining.

OTTAWA—Echo of Washington's tilts with Hitler is a resolution passed unanimously by Canada's Trades and Labor Congress, representing 105,000 Canadian workers, urging Ottawa to sever diplomatic and commercial relations with Germany until persecution of Jews, trade unionists, and religionists ceases. The congress asks Canadian sport bodies to stay away from the Olympic games next year.

The Canadian Fisheries Association will ask the federal government to appropriate \$100,000 for a newspaper advertising campaign to promote domestic consumption of fish.

Canadian cattle are crossing the United States border in increasing numbers, despite the heavy duty. Alberta province alone has sold 30,000 head since January, averaging \$55 a head. Further large orders are expected.

Construction is increasing. August contracts totalled \$23 millions compared with \$18 millions for July. For the first 8 months of year contracts amounted to \$118 millions compared with \$85 millions for the corresponding period of 1934. Applications for loans under new federal housing scheme are numerous.

Ontario mineral production hit a new high for the first half of 1935 of \$72 millions, a gain of nearly \$2 millions.



Wide World

MOD AS EVER—Francis W. Rickett, British negotiator of the now famous Arabian oil and mineral concession, arrives in London with the contract under arm—for whoever finally takes it up. Standard Vacuum Oil Co., for whom concession was intended, says it's "definitely through with the deal."

Money and the Markets

Foreign economic delegates urge currency stabilization, but war fears prevent it. Gold still flows this way, producing awkward domestic situation. Bank statements show mild gain in use of credit.

BRITISH and French delegates to the League of Nations economic commission this week reached a compromise agreement to encourage *de facto* exchange stabilization, an action which once again throws the subject open for wide discussion.

The obvious wish of leading nations to have their monies tied together in an effort to keep international trade as free and open as possible conflicts with the continued existence of war fears which constitute a major threat to exchange steadiness. Unless war probabilities subside materially, stabilization does not appear possible within the near future.

Gold Still Flows

The gold movement toward the United States, which reached very heavy proportions last week, was tempered to some extent this week, but failed to disappear altogether. Movement from Holland was only momentarily checked by the stand of the Dutch government against devaluation, and the rally in the guilders was inclusive.

France and England, however, continued to send gold here. Canada also was a contributor, her exports paralleling the uneasiness over politics which has recently depressed her governmental and other securities.

The gold influx here is regarded as awkward. Our stock now is up to the neighborhood of \$9.5 billions, an increase of \$2.5 billions since devaluation. Money markets here are still afflicted with an overabundance of funds; and arriving gold, with its expanding effect on bank reserve balances and its 10-for-1 potentialities in credit expansion, serves to complicate the markets.

Already the gold received in the past

two weeks has taken the heart out of the budding and hopeful evidence in money circles that money rates were approaching a tighter condition.

The last weekly member bank statement again disclosed a mild increase in the use of credit. Federal Reserve member banks in 91 leading cities showed an increase of \$5 millions in acceptances and commercial paper bought, \$3 millions in real estate loans, and \$35 millions in other loans.

The Treasury notes that were sold at the time of the Liberty conversion announcement, in large part found their way into member banks' hands, with an increase of \$372 millions of government direct obligations showing in the statement.

Internal revenue collections for the first 2 months of the fiscal year were 9% higher than in the corresponding months of 1934. The actual gain of \$41 millions would have been almost \$100 millions if it had not been for a drastic \$55 millions decline in processing tax receipts. Income tax receipts were 34% higher.

Treasury Wins

Last week its conversion program seemed beaten; this week it benefits from a firmer market. Decline of government bonds is believed to have been checked.

AFTER practically coming to a standstill in the third week, the Fourth Liberty conversion operation was pepped up to the point of practically assured success

this week by a general firming of the bond market tone, including government bonds.

The end of the third week disclosed some \$450 millions still to be converted, but Treasury officials expected this would be about \$200 millions in the customary last-minute batch. So there will probably be no unusual necessity for cash redemption. The Treasury has considered right along that a quarter billion would have to be paid off in cash and that this amount would be normal.

Government issues have been on a long and steady down-grade, but with the trend back toward easy money. Street opinion is that perhaps the bottom has been turned for a while.

Institutional interest is believed to have been attracted by the lower prices. Recently buyers have been able to get a shade better than 3% on a couple of the FFMC and HOLC long term issues.

New Financing

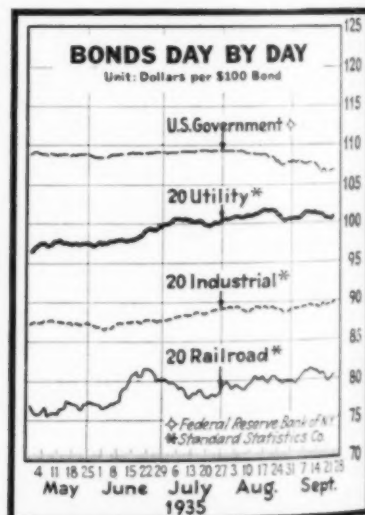
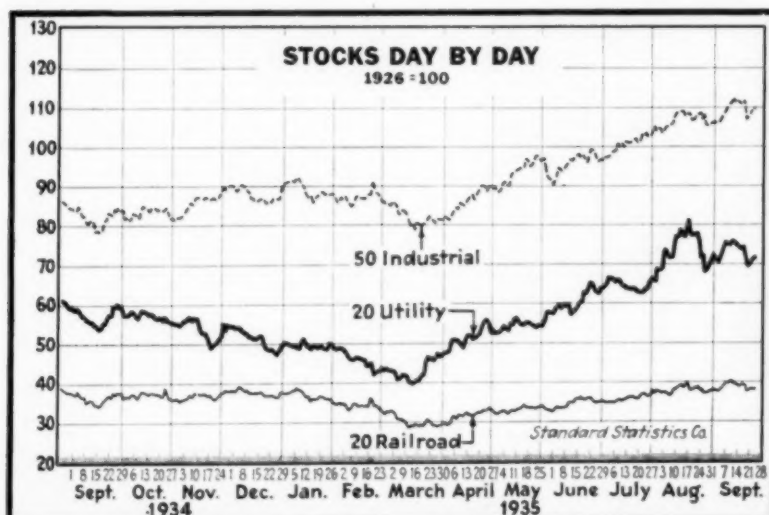
New York State's \$130-million issue fetches good price. Pacific Gas has \$20-million offering. Morgan Stanley does first business; may handle phone refunding.

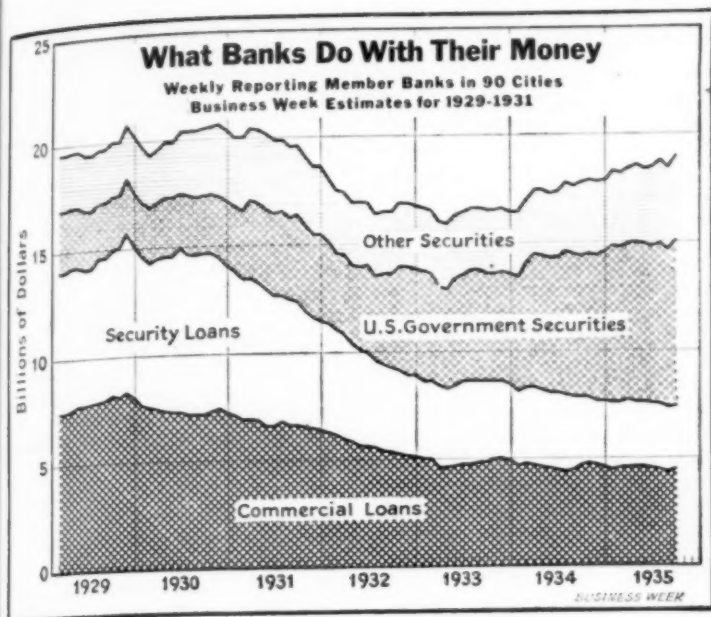
New financing in the state and municipal field was led this week by the sale of the final block of New York State's \$130-million relief bonds. The issue totaled \$30 millions and brought a price that made interest cost to the state 2.146%.

This very good price and the fact that the issue was promptly disposed of by the syndicate of underwriters put a rather pleasant slant on the current state and municipal market.

In the private corporate field, Pacific Gas & Electric was on the market with a \$20-million issue of 4s, which brings the total of this series since last spring to \$95 millions. Detroit Edison offers \$49 millions 4s.

Morgan Stanley & Co., the new off-





shot of J. P. Morgan & Co., made its first appearance on the Street, heading a syndicate offering \$19 millions of Consumers Power Co. 3½s. The Morgan Stanley & Co. name is expected to appear later at the head of underwriting groups handling the Illinois Bell Telephone \$48-million refunding job if that particular piece comes out of its current discussion stage.

The Illinois Bell refunding will, on its appearance, be considered the forerunner of additional issue by other American Telephone subsidiaries. Altogether something over a half billion in refunding is looked for from the group.

Anaconda this week filed its \$55-million issue of debentures with the SEC, and, as was predicted, the new issue calls for a sinking fund that shall be scaled according to earnings.

Rubber Has Star Role

Takes center of commodity stage as international committee slashes quotas to raise prices. Raw silk steady. Cotton has firm statistical foundation.

The rubber market was the scene of major fireworks among commodities this week. The International Regulation Committee, in a surprise move at London, ordered production quotas reduced to 60% for the last quarter of this year, and rubber markets, which had lost 2¢ in 2 months, immediately rallied ½¢.

The committee's action was probably taken in mild desperation, as the control plan had not been up to snuff. Since its inauguration, world rubber stocks have been curtailed only slightly, and a sharper effectiveness was becoming more necessary.

Under the new quota for the last quarter of this year, stocks theoretically will be reduced 60,000 tons, and if the

same quota is maintained throughout next year, stocks will be reduced about 200,000 tons—a reduction that would put the industry back on its feet.

Even the prospect of a record world consumption of 950,000 tons or more this year has not kept rubber from dropping persistently since midsummer. The United States, accounting for about half of aggregate world consumption, will show a slightly better level of use than last year.

Tire manufacturers here are not pleased at the possibility of higher prices. Despite another summer season of price wars and consequent low prices, domestic consumption was not appreciably stimulated.

Elsewhere among commodity markets, individual materials have had a tendency to follow the hot and cold blowings of the war news. Raw silk is somewhat of an exception on the side of steadiness. Price advances in this commodity have aggregated about 25% since the end of July, and the trade frequently hears predictions of a shortage by the end of the season next June as a result of the 6% decline in the Japanese crop.

Cotton is especially sensitive to the war news, but at the same time the price background of cotton has statistical factors that keep the foundation firm.

War News and Stocks

Market influenced by foreign scare, but is not easy prey to recessions. Kennedy-Landis change evokes no alarm.

THE stock market said goodbye to Joseph P. Kennedy, former head of the SEC, regretfully. At the same time James M. Landis, the new chairman, was greeted cordially. The market effect of the change in SEC official personnel was nil, since Wall Street has

come to believe that Landis has learned a great deal from Kennedy and is in sympathy with his common-sense administration of the securities acts.

Chiefly the market has been influenced by the war news. Some timidity and consequent pressure on securities are usual when war threatens, and the current stock market is not immune to this trouble. Nevertheless, the present market is not easy prey to recessions. Despite its six months' climb and the relative absence of corrective reactions, it is conceded to be a rather stout affair.

One reason for this is the prevalence of idle money and credit. Another is the remarkably small amount of credit that has gone into the advance. Brokers' loans and other stock market credit accommodations have been scarcely rippled by advancing prices in the last half year, suggesting that the market has a practically solid cash background.

Another factor that tends to dissipate nervousness is the quality of business news. The stock market trade believes that once the automobile industry gets over its retooling valley, general business will furnish plenty of fuel for strong market movements.

FHA Sets Record

\$13-million figure on insurance and mortgages is high mark. New rule favors brokers.

FHA established a new record last week. Its total of \$14 millions in modernization and repair notes insured, and in mortgages selected with fees paid for appraisal, exceeded the previous high mark (week of July 27) by about \$500,000. The business was about equally divided between modernization and repair note insurance and mortgages selected.

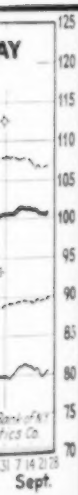
Washington is more and more emphasizing housing as one field that can be stimulated in order to make the general business pattern better, and FHA is regarded as an important weapon in spurring residential construction.

FHA has selected \$172 millions of mortgages for appraisal since its inception. In addition, \$159 millions of modernization and repair notes have been insured.

The housing group is an aggressive one. Officials are going after banks and commercial institutions at a fast pace in an effort to work up a large volume of business in both modernization and mortgages.

Last week these aims were given a boost when FHA removed the restriction on brokers as intermediaries between mortgagors and lending institutions. Real estate brokers may now solicit prospective mortgagors and exact fees.

Their fees and practices are to be standardized, and borrowers still retain the privilege of negotiating mortgages without them, but the entrance of these agents into the field is expected to draw in a stack of business that otherwise would not be touched.





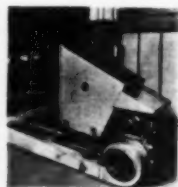
Carl E. Best, Manager, Rockmont Envelope Co., Denver, Colo.

"IRON FIREMAN cut our fuel costs 60%"

says Carl E. Best, Manager,
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TEN years ago the Rockmont Envelope Company said good-bye to high fuel costs and inefficient heating when they replaced hand-firing with an Iron Fireman automatic coal burner. Iron Fireman heating resulted in a saving of 60% of every \$1.00 formerly spent for fuel. Steady plant temperature was maintained at all times, enabling employees to work at maximum efficiency. In 1932, with additions to the factory, a larger Iron Fireman was installed. "From a fuel saving and efficiency standpoint," reports Carl E. Best, Manager, "we would hate to go back to our old method of firing."

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Cross-Section No. 4

Department of Commerce surveys
Columbia, S. C., to learn who buys
how much of what.

FROM down Carolina way comes the fourth consumer survey of the Department of Commerce—an analysis of income and selected purchases of Columbia, S. C., families in 1933.

The cities surveyed earlier were Austin, Tex., Fargo, N. D., and Portland, Me. These 4 studies all show that the biggest sales handicap to manufacturers of home equipment is low income. Such a finding should, at least, have the virtue of bringing the "merchandisers" back to first principles.

In this respect the Columbia sales market is particularly restricted because of the large number of Negro families, 96% of whom had less than \$1,000 of income in 1933. Among white families, 37% fell below this level.

There were 15% of white families with incomes of \$3,000 or better, and no Negro families.

Other facts:

Houses: Nearly 77% of all families live in one-family houses; 17% in 2-family houses. Among owner-occupants, one-family houses predominated, with 93%.

Construction Material: Since South Carolina stands in the midst of an important yellow pine area, it is not surprising to find wood used in 83% of all dwellings. But as income rises, brick gains in favor. Almost 54% of families with incomes of \$7,000 or more live in brick homes.

Rent: Families with incomes under \$500 a year average \$107 of annual rent; those earning over \$7,000, average \$730.

Heating Apparatus: The Carolinas aren't big markets for central heating plants. Less than 20% of Columbia families have them. About a third use stoves, and 46% use fireplaces. Of the \$7,000-and-up families, only 15% used heating stoves, none depended on open fireplaces, and 85% used central heating systems.

Heating Fuel: Two-thirds of families use coal; nearly another third uses wood.

Cooking Fuel: Gas is used by 40% of Columbia families, but virtually all the rest use kerosene, coal, or wood. Electric ranges are apparently curiosities. Even the well-to-do haven't been sold.

Lighting Fuel: Electricity for lighting purposes could only be afforded by 67% of families, the lowest ratio of the 4 cities studied. Gas is not used. The remaining third cling to the kerosene lamp.

Bathtubs or Showers: Over 40% of Columbia families must take their Saturday night baths in the kitchen

washtub. The rest have at least one bath tub; a slender upper-crust—more than 7%—have more than one.

Mechanical Refrigeration: As in the other towns surveyed, the mechanical refrigerator market has hardly been scratched. Home owners make easier customers than tenants, for at least 35% of owners have a refrigerator, but only 12% of tenants.

Automobiles: Even the automobile market is far from saturation in Columbia. Fully 60% of families have no car; 36% have one. And if you're trying to sell 2 cars to a family, you'll have better luck with home owners than tenants. Only 2% of tenant families were in that class in 1933, but 10% of home owners.

Paper Loan

RFC loan for paper mill in
Arkansas is going through despite
industry's protests.

PROTESTS continued to come in from the paper industry about that \$3,850,000 RFC loan made to the Crossett Lumber Co. at Crossett, Ark., for a kraft paper mill. In answer RFC says it has made a hard and fast commitment and must go through. Anyway, say RFC officials, the industry's quarrel is with Congress, which removed the original requirement that industrial loans be confined to concerns established prior to January 1, 1934, and also lifted the original \$500,000 loan limit. They admit that any industrial loan means more competition for those in that business but are convinced that there has been a net gain in employment on loans they have approved.

"Patriotic" Argument

In further defense RFC contends that present production of paper in this country is based on imported pulp and asks whether we should support foreign mills or encourage domestic production, conserve valuable materials now going to waste, enhance value of great areas of cutover land, and make another cash crop for farmers.

The paper industry is upset over the South's ambition to cut in. Methods of making a satisfactory grade of newsprint from yellow pine have already been developed there. Costs have not been brought to the point where this can be undertaken commercially at present but progress is being made and the industry elsewhere does not know how soon the answer may be found.

As for the new kraft mill it is true that its output will be less than 5% of the amount imported but it also is claimed that costs at Crossett are enough lower to permit the plant to capture the Chicago market and disrupt business for Michigan and other northern mills.

Editorially Speaking—

LIKE thousands of others who knew him, we feel a personal loss in the death of William Wallace Atterbury. He had a warm and vigorous personality and he was a loyal friend. He deserved the thanks of every American for his magnificent service as director-general of transportation of the A.E.F.

On his return to civilian life, he plunged into his last great task—the conversion of the Pennsylvania Railroad into a general transportation industry. He linked railroad service with motor-buses and airplanes, giving the public what it wanted, at the lowest feasible rate. Nobody is better equipped than the railroads to provide the newer transportation services. But while most railroad executives were still blind to the essential necessities of the newer day, General Atterbury perceived what was needed and acted quickly and ably to supply it. Younger men will finish the task in which he pioneered.

If we were one of the fellows carrying a rifle and a pack into Ethiopia, we'd be cheered up no end by the fifth of the ten commandments that Mussolini has issued to his army: "Believe, obey, fight is no sooner said than done under the Fascist régime. Believe, because one knows that Il Duce can never be wrong—" Well, what's the use of reading farther? Il Duce's infallible. That's information enough for any soldier.

BUT no, the tenth commandment is really the one to warm a doughboy's heart: "At the first crackling of rifles the Blackshirts will see a mighty figure of Il Duce. They will see him enthroned on the background of the sky behind the enemy, like a gigantic vision in a heroic dream of war."

Let's hope the vision won't frighten em to death.

GENERAL JOHNSON says he'll take the stump to expose "the lousy aspects of this Administration, in the hope that some good will come of it." No doubt some of his friends are dreaming dreams like this: 1936, Johnson stumps and scolds, in the frankest but kindest spirit; Roosevelt licked by the Republican candidate, because of the faults that Johnson had pointed out; 1936-40, the Republican Administration goes sour because of the mistakes that Johnson had predicted in '36; and therefore, in 1940, Johnson wins the Democratic Presidential nomination as a sincere Rooseveltian despite his candor, and easily carries the election.

MOTOR VEHICLE COMMISSIONER HARNETT of New York State warns motorists against "the dangerous prac-

tice" of giving lifts to hitch-hikers. He ought to send a personal warning to a citizen of his state named Eleanor Roosevelt.

THE Gentleman from Down the Hall came in a minute ago with a 27-page manuscript on the velocity of currency circulation, written by a young lady who graduated last June from one of our very best state universities. With this alarming document was a letter explaining that she had read in a publication called *Writer's Review* that *Business Week* had changed hands and might now be willing to buy bright pieces from brilliant young freelances.

We'd never heard of *Writer's Review* before, and we haven't changed hands or changed our policy either, especially on such points as the publication of economic essays by freelances young or old—or anybody else, for that matter. We not only won't publish them, we won't read them even. Sorry to be so tough, but life, as Methuselah said, is too short.

LIEUTENANT-COLONEL GEORGE IJAMS, whom President Roosevelt sent to investigate the hurricane situation in Florida, recommends that weather ships be stationed in the Gulf of Mexico to give warnings of storms. But there were plenty of warnings before the recent hurricane. It was flatly predicted more than 48 hours before it hit the Florida Keys. Yet the veterans were left there, in places where it was known they were exposed to acute danger, and more than 300 of them were killed. Who was responsible for this?

THE Public Administration Clearing House calls attention to an old English law, "No man shall use the king's highway as a stable yard." Or, as the cop tells you when he hands you a ticket, you gotta quit parking your car on my beat.

THERE'S been a flock of movies about government agents in general—G-men—and now there's one about the Treasury agents, who're called T-men. Next, possibly, will be a movie about the agents of the Petroleum board. What do you suppose they'll be called?

WE'RE a little Missouri-ish on a story from Georgia that Negro tenant farmers are selling their salt pork and eating chicken, which is cheaper. When salt pork gets dearer than chicken, our guess is that those Negro tenant farmers don't eat any meat at all.

MUSSOLINI has got all dressed up and is bound to have a party.

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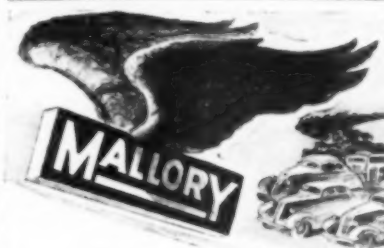
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SEPTEMBER 28, 1935

Roosevelt and Our Banks

The banking act provides for a new Federal Reserve Board solely for the purpose of giving President Roosevelt an opportunity to dominate the banking system by filling the board with men of his own choice. He has already indicated that he will appoint Marriner S. Eccles, governor of the present board, to be chairman of the reorganized board.

This should be notice enough to warn the country that our ten billion dollar Federal Reserve Banking System and all the credit that flows through it may be given into the hands of congenial experimenters. No appointments Mr. Roosevelt can make during his Presidency even if he should be reelected can possibly be as vital to public welfare and have so direct a bearing on the economic future of this country as his appointments to this newly constituted board.

Business did a fairly good job of removing the more radical and destructive provisions of the original bill, but that is no victory if the Federal Reserve System is to be turned over to a board which believes in controlled economy and thinks prosperity, stability, and the fuller life can be manufactured by tinkering with gold ratios and adjusting the volume of currency.

Mr. Eccles appears to be an earnest and honest citizen who has had some experience in the management of small banks and in business administration. He has not had the experience in central banking that should be required of the head of the largest banking system in the world. However, that is not so important.

It is important that after a few months of avid reading of some of the "new" economists, Mr. Eccles suddenly conceived himself to be an expert in matters of central and international banking. He sold himself the philosophy of spending our way to prosperity. He embraced the notion of a managed currency, and envisioned vast public benefits to grow out of the manipulation of a strong central banking system politically controlled. The question now before the public is whether the rest of the appointees to membership of the board will adhere to the same economic and social theories.

The new Reserve Board will have almost complete domination over the

banking system and facilities of the country. Presidents of the twelve Reserve Banks who replace the old governors can be elected by the owner banks only with the consent of the Reserve Board, and their tenure of office must be approved every three years. The board has complete control over discount rates and the open market operations of the individual banks. This means that the Reserve Banks can be forced to absorb government securities in any amount.

Precedent is not reassuring. Mr. Roosevelt has appointed to various boards that will control the public utilities, men who have spent years attacking public utilities and advocating government ownership of them. It is fair to expect that he will go as far as political expediency and public opinion permit in filling the new Reserve Board with men who espouse his own economic theories and would follow Eccles' leadership without question. Only an aroused public opinion in defense of our banking system from political domination and pedagogic experimentation can avert such an outcome.

Dangerous Nazi Campaign in America

Taking advantage of American tolerance, the National Socialist German Labor party has intensified its campaign in this country, with the avowed object of converting the American people to the Nazi *Weltanschauung*, or world-philosophy. This involves racial fanaticism, destruction of democracy, and contempt for business men unless they zealously submit to regimentation.

An organization which a congressional committee has called "the American section of the Nazi movement of Germany" held its annual convention recently, and heard a rep-

resentative of the German party declare that "the Nazi ideal is needed throughout the world." The Führer of this organization is an alien, appointed in Berlin, who openly plans to "unite the German elements in this country in one block in support of the National Socialist *Weltanschauung*."

The editor of the journal of this organization proclaims its "policy to establish the complete principles of National Socialism in this country," and declares that "what the Storm Troopers were in Germany," this organization will "be in America." In pursuance of this scheme, the organization has held an outdoor festival of 5,000 members and sympathizers, featured by oaths to Nazism and by a Storm Troopers' drill.

Fifteen hundred youths of German descent, assembled from 50 countries, were lately sent forth from Nuremberg to be missionaries of the National Socialist world-philosophy in their native lands, including the United States. The Nazis have organized political parties in a dozen European countries, enlisting not only people of German blood but other discontented elements, and in some cases forming armed groups.

In effect there exists today a Nazi International, rivaling the Communist International in power, and appealing to the same spirit of general revolt. In America it spies on people of German birth or descent, bullying those who oppose it, and threatening harm to their relatives or property interests in Germany.

National Socialism was largely built up in Germany by a campaign of hate against business. Some people imagined that the Nazi party could be made "safe" as soon as it assumed office. But its leaders cannot control the mob spirit they skillfully excited. They must yield to it or jeopardize their positions. This is the meaning of the "dynamic law of politics" which Goebbels recently enunciated in opposing Schacht, and it explains the recent defeats of business in Germany.

National Socialism is no longer merely national but it is still Socialist. The extension of this dangerous world-philosophy into the United States by the party that controls Germany should be stopped by vigorous action at Washington.

Published weekly by McGraw-Hill Publishing Company, Inc., 350 West 42nd St., New York. Tel. MEdallion 3-0700. Price 20c. Subscription: \$5.00 a year, \$10 for three years, U. S. A. and possessions. Foreign 30 shillings. Cable code, McGrawhill

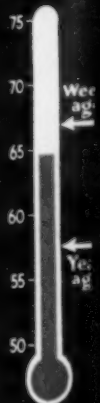
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